

CYPRUS NATIONAL REPORT

EXPANDING AND IMPROVING WORKPLACE DEMOCRACY AS A PREREQUISITE FOR HUMANISING LABOUR AND THE WORK ENVIRONMENT – DIRECT II

Partners in the project:



Associated organizations:



EXECUTIVE SUMMARY

This report forms part of the Project Direct II (Expanding and Improving Workplace Democracy as a Prerequisite for Humanising Labour and Work Environment DIRECT II VS/2020/0101) and it is an effort to provide the picture at a national level. The authors have researched the area of direct participation in conjunction with the implementation of new technologies in terms of the national literature although it must be stated that there are limitations in regards to specific references to employee direct participation. Despite the literature review the report take into account the views of the social partners (Trade Unions and Employers Federation) as well as the case studies. Throughout the report the views of Cyprus Workers' Confederation (SEK), Cyprus Industrialists and Employers Federation (OEB) for the social partners and Medochemie pharmaceutical company and Health Insurance Organisation (HIO) for the case studies have been analyzed.

The authors of the report have tried to perform their research, analysis and conclusions based on the definition of direct participation as has been identified and agreed by all the partners of the project. Therefore, for clarification purposes the definition in regards to direct participation used is the following: 'Opportunities provided by the management, or initiatives to which they lend their support at the workplace level, for consultation with and/or delegation of responsibilities and authority for decision-making to their subordinates either as individuals or as a group of employees, relating the immediate work task, work organization and/or working conditions.'

The report is divided in a number of sections, offering an overall review of the Cyprus economy and the Industrial Relations system that is in

place, the national overview of direct participation and the national legislation in place, the sectoral analysis of direct participation, the analysis of the case studies and the final conclusions.

From the findings of the report, it is clear that direct participation in the way the term is defined is not existent. This does not mean that direct participation is not existent at all, after all there are instances defined referring to consultative direct participation. From the analysis is evident that in the areas reviewed there does not seem to be any form of delegative direct participation. Moreover, throughout the report elements of the introduction of new technologies are identified and it seems these have been implemented in the market without negative effects for the consumers. Furthermore it seems that the working environments identified are quite pleasant to work and the technological aspect has played an important role in regards to the Covid-19 pandemic.

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NATIONAL EMPLOYMENT RELATIONS CONTEXT

What is the national structure of the economy?

Cyprus economy is small mixed economy. It is well known however for its resilience with an ongoing expansion in the last 30 years, until the financial crisis of 2009 that impacted the economy. The GDP for 2021 was €23.5 billion.

Following this crisis, the economy and after the implementation of the agreement of Cyprus reform program with the International Monetary

Fund, Cyprus exceed expectations and managed to put its economy back to growth, ranking its economy as one of the fastest growing EU economies. At the time, the banking sector was completely reformed, by boosting and diversifying their capital base and cutting down their non-performing loans by 65%. Also one of the big banks went bankrupt. At the same time the Cypriot Government brought its debt under 100% of GDP, with a reform in its public finances. Something amazing was the fact that Cypriot debt to IMF was paid five years earlier than the expected end that was agreed.

The medium-term focus is on continuing structural reforms that will encourage investment, raise the economy's competitiveness and leverage the eurozone economy's highly educated population.

The Cyprus economy is dominated by services for 82.7% in 2019, while the manufacturing sector was 8%, construction sector 7%, and agriculture, forestry, and fishing 2.3%. In the last twenty years there was a turn of the economy to services sector. Tourism remains one of the most significant sectors, due to its wider impact on retail, transport, construction, and employment. Its value-added contribution in the economy has now been overtaken by professional, financial and real estate services.

Diversification has been made possible due to the fact that Cyprus was been established as an international business center. Other services that had been in low levels but are growing rapidly in the last 10 years are information and communication service sectors. Also administrative services are rising fast as a result of the growing of compliance industry.

Despite the economic crisis from the banking sector the economy recovered back fast returning to growth in 2015 with an annual real GDP growth of 5.4%. Opposite to this amazing growth the Covid-19 pandemic raised new threats. The challenge for the government now is to limit the impact of this pandemic. In order to support businesses the government had contributed €1.3 billion (6.4% of GDP), mainly to cover salaries and also another €1.9 billion to support banks liquidity.

Industrial Relations arrangements

Cyprus has a relatively high level of trade union organisation – although it is probably now below 50%. There are two major trade union confederations, SEK and PEO, a smaller one, DEOK and a very much smaller one, POAS, as well as important autonomous unions representing public sector workers, bank employees and teachers.

There are around 170,000 trade unionists in Cyprus. This is 54% of all employees, but the union density may be lower than this, because some union members are retired or not employees. Figures from the ICTWSS database of union membership put union density lower at 43.7% in 2016.

Cypriot trade unionists are organised in two major union confederations as well as one smaller and one much smaller confederations, and a number of significant autonomous unions.

The two major confederations, SEK and PEO, are of broadly similar size. The smaller confederation is DEOK and the smallest confederation, POAS, which brings together some independent unions.

The two main confederations are organised broadly along industry lines, with federations for construction workers, hotel workers and

government employees, for example. SEK consists of seven federations and PEO consists of nine federations.

In addition, there are important unions outside the confederations, in particular PASYDY, which covers public servants, ETYK which organises bank staff, OELMEK which organises secondary teachers, and POED another teachers' union.

Despite this variety of trade union representation, relations between the different trade union organisations are generally good. Despite some differences in policy, they have been able to achieve unity in their pay claims and other activities.

The basic framework for negotiations is provided by the industrial relations code, which was agreed between representatives of employers, unions and government in 1977. This includes a procedure for the settlement of disputes and some key mutual commitments, such as acceptance of the right to organise and the right to bargain. The document is not legally binding but its terms have been effectively observed by both sides.

Collective bargaining in Cyprus takes place at both industry level and company level. Key industry-level collective agreements in the private sector cover hotels, metalworking industries, oil and construction.

However, although industry level bargaining continues to be important, many companies, negotiate at company level as well.

Since 2012, unions have had a legal right, under certain conditions, to compel individual employers to negotiate with them under the trade union recognition law (Law 55 (I)/2012). If an employer refuses to

negotiate with the union, the union can ask the Trade Union Registrar to investigate, provided there are at least 30 employees in the bargaining unit – the area where the union is seeking to negotiate – and at least 25% of the workforce are already members of the union. In these circumstances the Trade Union Registrar will conduct a secret ballot, and, if a majority of the workforce vote in favour, the employer is compelled to negotiate with the union, in other words to recognise it. Recognition is also granted without a ballot, where the union can show that it already has more than 50% of the workforce in membership.

An important element in industrial relations in Cyprus is the system of mediation and voluntary arbitration. Based both on the voluntary industrial relations code and the service provided by the ministry of labour, this has been used to resolve deadlock in collective bargaining and in settling disputes.

Industry level negotiations are between the appropriate industrial federations or, in some industries such as banking, the autonomous union and the relevant employers' association. At company level, the parties are the employer and the local trade union, generally through the full-time union official, with the involvement of the union representatives in the company.

Workplace representation in Cyprus is through the union structure. Apart from the area of health and safety, where a committee should be elected by all employees in workplaces where more than 10 are employed, there is no other body representing employees.

Workplace representation is also, in line with the rest of the Cyprus industrial relations system, not closely regulated by legislation. However, the industrial relations code makes specific reference to consultation, stating that the employer should “engage in joint consultation” in any case where the union or the employees believe that “a decision ... may adversely affect them [the employees] or may have a repercussion on their relations with their employer”. In addition, legislation introduced in 2005 to implement the EU directive on information and consultation has strengthened the legal framework for workplace representation.

In practical terms, local union bodies deal with grievances brought to them by employees, with the employer’s proposals and with the day-to-day concerns of the workforce.

Direct Participation national overview:

Direct Participation national legislation

Direct Participation is a term that it is not quite apparent in the economy. At least based on the definition given by the project. It has been quite evident and via the previous DIRECT project and also via the desk research in regard to this project as well.

The way the economy and the way the industrial relations have been developed and has been briefly discussed in the previous section, has led to favoritism of indirect participation for employees. Throughout the development of the employment model of the Cyprus economy the participation of employees has been quite evident via the representation of the Trade Unions. The system of managing industrial relations in terms of labor and social security, is highly tripartite and this

kind of tripartite cooperation is achieved through a network of advising bodies, committees, and boards, both permanent as well as ad-hoc. This network deals with various labor and social issues, as for example, employment, working conditions, vocational training, health and safety at the workplace, as well as social security and welfare. Moreover, bipartite relations are very important in Cyprus and collective bargaining (in sectoral and enterprise level) is the backbone of the industrial relations system since the majority of employment terms and conditions are determined by collective agreements. Social dialogue in Cyprus constitutes a longstanding and well-established practice between the government, the employers, and the trade union organizations, having set the framework and the basis of national social and labor policies. Social dialogue has been accepted by all parties involved, since its very beginning in the early 60's. Various tripartite advisory bodies are established in the framework of social dialogue:

- The Labour Advisory Board
- The Economic Advisory Committee
- The National Employment Committee

Finally, several ad-hoc committees are established according to the developments and specific needs, in order to be able to discuss and work on the various issues in the framework of tripartite cooperation. Workers' participation in decision making - the type of participation of the German model as it had started in the coal and steel industry - does not exist in Cyprus. However, work councils do exist and function in a quite satisfactory way. Representatives of workers from among themselves are normally participating in work councils, alongside with

representatives of management. Main subjects with which work councils deal are safety and health, production systems, rosters of working time, discipline and personal complaints. From the findings of the research and based on the system in place from the 1960s and all of the analysis above, it is clear that the form of employee indirect participation is mainly the practice for employee representation. Moreover, based on the study of L. Fulton (2015) Worker representation in Europe, it is stated that “Workplace representation in Cyprus is through the union structure. Apart from the area of health and safety, where a committee should be elected by all employees in workplaces where more than 10 are employed, there is no other body representing employees”. We should make a note of this since we would discuss this aspect further in our discussions. Furthermore, based on the Eurofound’s Living and Working Conditions 2017, amongst others the following are stated “Cyprus has a weak tradition in terms of the existing structures for employee representation at the establishment level. In this context, the main representation structures to date refer to the trade union representation and safety committees, while recently established structures such as the European Work Councils (EWCs) do not seem particularly viable. Also in the Eurofound European Company Survey 2019 we have some further interesting facts that reinstate the case that Cyprus has an indirect form of employee participation. 40% of companies are in favor of command and control structures and around 55% offer selective autonomy. In addition, 53% of the managers questioned believed that employee direct involvement caused delays. The employee representation is amongst the lowest in an EU level and the main form of employee representation is via Trade Union representation. Based on 3rd Company European Survey published by Eurofound, fewer than 9% of

the companies have autonomous teams and based on the same survey, Incidence of approaches to decision-making on daily tasks are least likely to be found in establishments in Cyprus. The 5th European Working Conditions Survey tries to identify the task discretion provided to employees in different EU countries, referring to the level of control that employees could exercise over their immediate work tasks and based on the results of the survey, the figures tend to be quite low for the Cyprus case. Also based on the same survey, Human resources capacity in Cyprus was not significantly associated with the presence of high involvement organizations.

Based on our analysis it is obvious that direct participation has no clear relationship between itself and the national characteristics of the economy. On the one hand the way the economy has been structured and the way the Industrial Relations system has been set up have always seem to be in favor of indirect participation. Moreover, there is no clear indication resulting from our research that can state that there is a relationship between direct participation and the institutional context. Wage coordination still remains in the hand of the trade unions where employees are unionized, and in the cases where employees are not unionized then it lies completely in the hands of the employers. It seems that all the social partners are also in favor of indirect participation. From our previous research (Project DIRECT) and despite the fact that the trade unions will not demand direct participation, they will not object to its introduction and they will support it up to the point that they feel it does not constitute a threat for them. There is also no indication that the governments throughout the years have provided

any incentives to all the social partners so as to promote direct participation.

All of the issues that have been discussed i.e. the support or rather the development of an employment system based on the indirect participation did not create the need or stimulated the need for any form of social dialogue in regards to the implementation of legislation directly related to Direct Participation. It is quite evident that based on the project's definition the term of direct participation as a whole does not exist in Cyprus. There are instances where we have seen references both as a practical matter and from our research that are somehow linked to direct participation but as we will from our analysis they only cover a fraction of direct participation and they are mostly related to consultative part of direct participation. One of the issues that draws a lot of attention and is a matter of reference by the social partners deals with the Health and Safety committees which are regulated by legislation and in most of the cases as we have already mentioned are considered a form of direct participation. The law states that in establishments with more than 10 employees a committee should be set up including employees that would oversee the working condition in regards to Health and Safety aspects. Although the word working conditions might somehow related to certain aspects that are seen in the definition of Direct Participation, we believe that this should not be case and that direct participation as a whole is not evident throughout the economy at least in regards to the spectrum of our analysis.

National trade unions and employers' views

From the analysis of the social partners at a national level all of the above are further enhanced. An effort is made especially and in conjunction to the legislation of Health and Safety Committees and Information and Consultation to be considered as direct participation. As we have already mentioned this cannot form the basis for argumentation that Direct Participation is evident as a whole in Cyprus, there might instances where we see or it is easy to associate our analysis or the respondents' perception as direct participation, but direct participation as a whole based on our definition is not present. An important aspect that supports the fact lies on the fact that the Government representative has stated very clearly that there is no Government policy in regards to Direct Participation. Having in mind that social dialogue and tripartite cooperation is high in Cyprus, if Direct Participation was something that was high on the agenda of the Government side, then Direct Participation would have formed the basis for the commencement of social dialogue amongst all the parties so as to be regulated and introduced, which of course is something that never happened. There is a reference by both the Trade Unions and the employers and at the highest level that they have no Direct Participation Policy in place and this is of course is in line with the government side. Both the Trade unions and employers however make reference that there are establishments that are affiliated within their organizations and that have introduced Direct Participation and the employers side state that such implementation was the decision of the management by 50%, an initiative by the Trade Unions by 30% and a request by the workforce by 20%. There is no such reference by the Trade Unions

especially in regards to Direct Participation being introduced as a result of an initiative by the Trade Unions, which is once again an indication that the Trade Unions are not willing to demand direct participation at the time being at least. We would somehow be surprised if this was the case since we are very well aware from the DIRECT project that Trade Unions although not against direct participation are quite skeptical about it being misused by the management side and they would be quite reluctant in launching an initiative for its implementation. The overall aspect of the misunderstanding of what direct participation really is shown throughout our analysis and despite both the employers and the Trade unions state there are aware of establishments introducing Direct participation, once we go into specifics, it seems that their references mostly revolve around Health and Safety committed and Information and Consultation aspects, hence direct participation is implemented as a fraction of the overall direct participation definition provided by the project. Although the aspects that the national trade unions and employers make reference should not be ignored and relate to direct participation in some ways especially in the consultative part of it, we need to stick to our definition as a whole and state that direct participation as per our definition is not evident from our analysis. The references made by the Trade Union refer clearly to the Health and Safety committees and to the Ad-hoc committees for personnel issues at the semi-governmental sector, and of course as we have already discussed these cannot form the basis for direct participation as a whole and especially in regards to the delegation of authority and autonomy given to employees for their day to day execution of their employment duties and responsibilities. On the other hand, although the form of direct participation which is implemented at the company

level and is mentioned in the responses of the Employers Federation is not identified so as to know whether direct participation is present as a whole, when analyzing further the sectoral responses of the Employers Federation such references are closely related mainly to Information and Consultation and of course Health and Safety Committees. Both the Trade Unions and the Employers Federation believe that Direct Participation would lead to positives such as improvement of work organization, improvement of workplace health/safety, improvement in the environment and in worker well-being, better working arrangements, better work-life balance, increased job satisfaction and increase remuneration (based only on the employers' side). The government's side is of the opinion that Direct Participation would lead to better work organization. It seems that all the social partners can understand the importance of Direct Participation and the gains it has to offer which might be an indication for a future discussion on its implementation. Things however are quite the opposite in regards to the effects of Direct Participation where the Trade Unions state that Direct Participation leads to increased work intensity, increased work place stress, changes in working time arrangements, more responsibility without improved working conditions, more responsibility without increase remuneration, less collective action and reduced remuneration. The employers totally disagree with the Trade Unions and is of the opinion that none of these adverse impacts are the result of Direct Participation. Of course if we were to stick to our definition of Direct Participation and our overall analysis of the national employment relation structures and the fact that in Cyprus we have Indirect Participation and no legal basis of Direct Participation nor solid examples of such implementation at the workplaces, such responses

from both the Trade Unions and the Employers are highly hypothetical. We must state however that based on the responses we have, there are indications of some sort of direct participation in the economy. This participation however derives mainly from the legislation and it seems that it is mostly isolated in the Health and Safety committees in the overall function of the economy and mainly to personnel committees found in the governmental and semi-governmental committees. The national social partners are stating that direct participation is present in the market and this must be the case but they are not aware of specific examples of such instances. It seems that their responses are somehow guided by their perception of the functioning of the committees mentioned above and we know that these committees are only covering part of the direct participation definition in terms of consultative direct participation. Since we are not aware of the delegated part of direct participation and its effects, then it is obvious that some responses would be based on a more hypothetical ground and hence we are making the comment above. This however does not mean that the national social partners are wrong in their judgement in any way but still we have to mention this.

From the responses of the national social partners, it is quite clear that the global pandemic of covid-19 has led to an increase in the use of the ICT. The main forms of technologies identified refer to internet/intranet, mobile phones, texting, emails, social media portals and above all video conferencing. Moreover, the onset of the pandemic has impacted the way both organizations are communicating with their members using mostly social media portals, emails and above all video conferencing. Both of the organisation have been working remotely as a result of the

pandemic. Finally, both organizations believe that Health and Safety committees had fulfilled a great role in the implementation of covid-19 regulations with the Trade Union stating that the way the committees have been involved and performed allows for discussion so as to further enhance their role in the future. From the responses it is not clear that throughout the covid 19 pandemic, employees have been directly involved in the changes and measures to be implemented, but rather employees were called in to follow guidelines and regulation set by the management.

Direct Participation in the target business sectors

Sectoral representatives' analysis

The sectoral perspective is not differentiated from the overall picture that has already been identified. Once again there are efforts to link other forms of participatory practices and policies as forms of direct participation although we have to firm in our analysis and stick to the definition of direct participation. Throughout this section, interviews were held with the Employers Federation Manager of Industrial Relations and 3 General Secretaries from the Federations of Manufacturing, Transport and Semi-Governmental Employees of SEK. It is once again evident that the main reference in regard to direct participation is revolving around the highly delegative aspect of the Health and Safety Committees with some references to other forms of consultative Direct Participation such as the Personnel Committees in the semi-governmental sector. There is a uniformity in regard to the introduction of new technologies from all the respondents and there is an agreement from the all the trade union representatives that the introduction of new

technologies was in the form of automation, communications, computer hardware and software. The representative of the Employers Federation stated that the new forms of technologies were mainly in automation and software and intranet with the last two being introduced mainly due to Covid-19. All the representatives of the Trade Union stated that the introduction of the new technologies has led to changes in employment levels (there is no reference that the employment levels have decreased in any way however), changes in qualifications requirements, changes in workplace health and safety rules and procedures and changes in working time arrangements (there is no reference that the working time has increased, but rather the reference made is in regards to the need to add additional shifts mainly due to the introduction of automations). On the other hand, the representative of the Employers Federation states that the introduction of these new technologies has led to changes to qualification requirements and changes to health and safety rules and procedures. It seems that on the overall concept of the introduction of new technologies there is an agreement between the stakeholders but once we go into details the responses are somehow affected by the nature of their representation, since it seems that the employment side is reluctant to touch on issues such as working time etc. that might be the result of negotiations and refers only on issues that are somehow regulate. This however might not be case but we believe it is worth noting. All the respondents state that the introduction of new technologies has led to changes in the work organisation in terms of introducing lean production systems, Just in Time and TQM as well as the introduction of work groups, job enrichment and job rotation. It is important to note here that despite the fact that all the respondents

make a reference to work groups in regard to work organisation changes due to the introduction of technologies, there is no reference to any group delegation given, hence once again there is no indication of group delegative direct participation. From the responses it is important to note that the new technologies introduction has not led to any changes in the terms of employment which at least we know it has not led to any negative changes. From the responses it is clear that there is a high level of employment relation amongst the respondents with a high percentage of unionized enterprises, and in line with all these the sectoral associations for both the employees and the employers state that the sectoral form of social dialogue is based on consultations with trade unions, tripartite consultations, collective bargaining and mechanisms for resolving disputes. Based on the responses received, the form of employee representation is based on employee representatives as well as Health and Safety Committees, with the addition of an internal employee committee setup by the management only in the cases of semi-governmental employees' federation. This however should not in any way considered direct participation, since employees might be a part of such committees although they are in line with strict guidelines deriving from legislation and with a limited scope for participation in areas such as employee promotions etc., therefore this is not considered delegated direct participation but rather a slim form of consultative direct participation. Communication between management and employee is quite sufficient and the respondents state that there are regular in company magazines, leaflets and brochures, communications via the intranet, via emails and texts, through the trade union channels and via management meetings at all levels.

The responses become a bit confusing in regards to direct participation since the responses are not clear as far as the trade union are concerned. On behalf of the employers, the responses are somehow more coherent, and they state that they have a direct participation policy in place which has been both a result of the management's decision and a request from the employees' side. The form of direct participation identified by the employer's respondent refers to individual and group consultation which it seems to be the correct form of direct participation that we expect to find in the Cyprus labour market. The trade unions have not been consulted in regards to the implementation of direct participation which might be the case since even in the most frequent form of direct participation (that of health and safety committees) their set up is based on strict legislation guidelines. Furthermore, based on the responses the workers have been informed for the implementation of direct participation and no consultation nor prior communication have taken place prior to its implementation. Since the gains from the introduction of direct participation are not monitored and no data is in existence the respondent of the employers' side stated that the only clear indication arising from the implementation of direct participation is associated with improvements in workplace safety which once again is another indication that the most prevalent form of direct participation respondents have in mind is that of the health and safety committees. The employers responded did not mention any negative effects from direct participation stating once again that there is no data available. The introduction of the consultative direct participation has led to increased innovation, increased quality of products and services and improvement in production systems but there is no data in regards to changes in the

remuneration system. The employers respondents is of the opinion that direct participation is somehow affecting the industrial relations since trade unions seem to be reluctant in accepting it and there is fear that their role might somehow be diminished in some way from the introduction of direct participation. The employment contracts have not been affected in any way. The employers made a reference in a real example in regards to direct participation in order to further enhance the opinion that there is direct participation beyond the health and safety committees. The reference made was about a manufacturing company in the area of irrigation supplies where there are indications of consultative direct participation since the company is in line with information and consultation legislation, they use the intranet for employees to raise their opinions, employees have access to company information and suggestions schemes are in place. The employer's respondent stated also that we must have in mind the size of the Cyprus economy and the size of the companies when we make our analysis since it might be difficult and rare to identify direct participation in the exact definition identified by our project aims in companies of maximum up to 9 employees, which of course is something that we must note.

The trade unions responded by stating they have no direct participation policy in place and although they say there is no reference to any enterprises that have implemented direct participation, they are of the opinion that direct participation has been the result of union initiative. This seems to be affected once again from the implementation of health and safety committees where the trade unions have been a part during the discussion of the legislation. The main forms of direct participation are somehow contradictory where one federation makes

no reference at all, the other refers to all forms of direct participation and the third one stated that the only form of direct participation is that of individual delegation. Once again this is quite confusing and having regards to the overall perception of direct participation this might be influenced to aspects that are related to the specific matters that are related to the nature of each federation and might be somehow misunderstood. It is clear that the respondents have in mind Health and Safety committees and certain other committees that might derive from legislation. i.e. the Personnel committees of the semi-governmental federation. One of the main aspects that is worth noting relates to the responses in regards to the changes that the direct participation has brought to the organisation of work since all the respondents have stated that it has led to improvements in work organisation, improvements in workplace safety and health, improvement in the work environment and in worker wellbeing and in increasing job satisfaction and motivation. Investigating further the responses by requesting additional information from the respondents it seems that once again their responses are highly influenced by the health and safety committees, they way these should function and the positive expected outcomes from their functioning and implementation. Once again it is important to note that none of the respondents is making no reference to any negative outcomes from the implementation of direct participation. Moreover, the implementation of direct participation has not led to any changes in the remuneration of employees and it has not affected the industrial relations which is contradictory to what the employers believe in regards to the way the industrial relations are affected.

All the respondents both trade unions and the employer's stated that the Covid-19 pandemic has impacted the way they communicate with their members and the way they conduct their business. Moreover the onset of the pandemic has led to an increase in the use of the ICT in the forms of internet/intranet, mobile phones, emails, texting, social media portals and foremost of all the use of video conferencing. Although the respondents do not have the data so as to base their opinion on, they are of the perception that a big part of the member enterprises are working remotely following the covid-19 pandemic. The respondents somehow agree that the role of the health and safety committees during the pandemic has not been that extensive but rather consultative in order to communicate to the workplace the guideline and requirements that need to be followed as those have derived mainly from the governmental decrees. Despite the extensive use of ICT as a result of the pandemic from the responses it does not seem that employees were involved or participated in any way in this transition but rather employees were called to follow the decisions of the management.

CASE STUDIES ANALYSIS

Medochemie

Medochemie is one of the leading manufacturers (pharmaceutical manufacturer) in Cyprus and was chosen to take part in our survey since it is a very caliber organization with a high level of HR processes in place and it is considered amongst the top employers of the island.

In 1976, Dr. Andreas Pittas began with just eight employees (most of whom still work in the company to this day) and three machines: for tablet making, capsule filling and packaging. Within 40 years, Medochemie has transformed into one of the top generic pharmaceutical manufacturing companies in the world.

Some interesting facts of the company include the following:

- It comprises of 13 state of the art manufacturing sites
- 28% of all Cyprus exports come from Medochemie
- 1880 employees worldwide
- offices in 21 countries
- sales in 107 countries

In regards to the case study, surveys were conducted with the HR Management and with 5 trade union representatives from different departments of the organization such as Production, Packaging, Laboratory, Operations and Administration.

In Cyprus the company employs 950 workers. There is a collective agreement in place and from the information gathered around 50% of the workers are members of the trade union. This is an average percentage trade union density is somehow differentiated from department to department

Employment Relations

In terms of the social dialogue present within the organisation the forms that are in place refer to consultations with the trade unions and collective bargaining structures, something which is both mentioned by the management and the trade union representatives. Although there

is no official mechanism for labour disputes in place, the role of the HR department can play a big part in solving Labour disputes. Despite the efficiencies of the internal department in resolving labour disputes there are still instances where the employees choose to address any issue directly with the trade union rather than first take it up with HR Department prior to addressing the issue to their trade union and this might be addressed to the fact that some employees are not fully accustomed to the roles of the HR, therefore they choose to follow the traditional routes they are accustomed too and this is by no mean an indication of poor employment relations within the organisation. Moreover, based on the responses we have received, the representation of employees is also achieved through the elected work representatives that are members of the Trade Union. Communication amongst the management and the employees seems to be at a high level within the organization and somehow facilitates in reinforcing the employment relations and as a result all efforts of communication are made in terms of regular in-company magazine, in terms of leaflets/memos etc., online, through the trade union channels, through the worker representatives and from management briefings from the senior management, middle management and supervisory management level. Moreover, the HR department personnel is visiting all the areas and departments of the organization where they engage in a two-way communication between the employees and the management and furthermore there is an online portal community where all the employees have access and where all the organization's communication is posted. The extent of communication that the workers receive revolves around production. Technology and organizational changes. The HR Management has also stressed that there is direct

communication towards the workforce in regards to Health and Safety and Corporate Social Responsibility informing on all the social actions undertaken by the organization so as the employees will have the opportunity to join and further enhance their feeling of belongingness and feeling of team building which is something that impacts the reduction of conflicts within the organization. Based on the results collected it is quite clear that employee relations are at a high level within the organisation and the management is taking all the steps in informing the employees on the one hand and also since there is a trade union involved, the employees have the option of being on certain aspects from their trade union as well.

Implementation of Direct Participation

Following the overall concept of the desk research and following the responses of both the management and the trade union representatives it is clear that there is no Direct Participation in place in line with the projects definition and as a result there is no policy in place and no arrangements have been introduced in line to Direct Participation. Something that is worth noting here and it is something that has been raised by a number of employees as well as the management, and that being the fact that the nature of the organization somehow limits the flexibility provided by Direct Participation. We are referring to an organization that develops products that allow no margin for deviation since they are dealing with human health aspects, therefore it is strict that all the guidelines and procedures must be followed by all the employees and therefore it is impossible to allow direct participation in the core businesses processes of the organization, something which is totally understandable and acceptable. The company has in place the

Good Manufacturing Practice which is a very strict standard that needs to be followed and in no way will the GMP standards will allow for flexibility of employees in terms to Direct Participation. Despite these however it seems that there are aspects in place that might somehow allow some sort of employee Direct Participation. Although not directly in line with the definition of Direct Participation, there are efforts made to allow for the involvement of employees in regards to a number of aspects dealing with some functions of the organisation. Some examples where this has been noted is as follows:

Performance Management System

It is a sort of a performance appraisal system that it is currently being implemented, and it is a system that will not lead to an employee evaluation in terms of ranking, but rather a system that would lead to the improvement and further enhancement of employees. The system will commence in a piloting phase and will receive feedback from the employees involved, therefore it might be considered a form of employee participation in terms of the introduction and implementation of new technology. Moreover, in the functioning of the Performance Management System the employee will be given the right to set his/her targets and will have the right to initiate the meetings with their immediate supervisors at his/her own timings and will. Furthermore, the employees will be given the option to evaluate their supervisors/managers anonymously through this system. Although the practices mentioned here are not direct participation and having in mind that the nature of the organisation it is considered an effort to allow for employees input in the implementation of a new technology and therefore it can be considered a form of direct participation.

Innovation Platform

ideas from employees in line with the department they belong to or even the whole company can be inputted over a platform system. A committee comprised from a team including the Director of the company reviews these suggestions and if the suggestion is considered good for the organisation, the committee takes the necessary steps to provide the means to the employees providing the suggestions with the aim of implementing their ideas and suggestions. This also can be considered another form of direct participation and although it does not follow the strict definition of our project, it is still an effort to allow some sort of flexibility for employees within the organisation and also an effort to allow the employees to provide input that deals or affects running aspects of the organisation.

Committee participation

Allow employees to take part committees such as the environmental committees where the employees will become environmental advisors. Through the measure the employees will have an active role in the running of such committees and indirectly their actions will an impact on the image of the organisation, something which is highly correlated with the Corporate Social Responsibility of the organisation. This is also another effort on the management's side to involve the employees in a somehow direct participation manner.

Internal organisation competitions

The organisation engages the employees to take part in a number to competitions to promote the values of the organisation. Such practices

are frequent within the organisation where the employees are given the option to engage in ideas for the promotion and presentation of the organisation. Again this might not be within the exact definition of direct participation but it is somehow a form of direct engaging the employee.

We should note once more that the organisation is highly regulated and there is no margin of deviation and it seems that despite there is no official direct participation policy in place, still we see that the management is taking steps to directly involve the employees in other ways possible and somehow allow for the direct participation of employees.

New Technologies

We are dealing with a very sensitive product that it is highly affected and in line with technologies. It seems that automation, computer hardware, communications and software are all technologies that have been implemented. From the feedback received from the trade union representatives, these introductions in technology have led to changes in qualifications and changes in Health and Safety. It is believed that these changes have led to certain positives for employees in terms of employee upskilling and employee in order for the employees to acquire the new qualifications as well as to improvements to the employees wellbeing resulting from changes in Health and Safety standards. therefore based on the employees' feedback there has been indeed a positive impact from the introduction of new technologies within the organisation. The management agrees with the employees inputs and since they have the data they have also mentioned that the introduction of new technologies has also led to an increase in employment levels

and also that it has neither affected the working time nor the working conditions. When we combine the feedback from the management and the employees it is clear that the introduction of new technologies is not perceived to have led to negative impacts on the employees wellbeing within the organization. The introduction of new technologies has initiated the implementation of lean production which is also expected to have a positive impact on the society in general in an effort to minimize waste. From the overall input of both the trade union representatives and the management there has been no change in terms of employment as a result of the introduction of new technologies.

Humanizing the workplace

The company is considered amongst the top employers in the island and it is of no surprise that trade union representatives consider the environment to be favourable for their mental health, they experience a friendly and supportive empathy from their fellow workers and there is a trust based and constructive relationship between employees. This is also addressed by the management side where we are informed that the organisation has a great culture, the job security is guaranteed for the employees, that they offer a program for employee well-being and a welfare fund for employees that are in need. The empathy aspect is also addressed by the management as well and it is stressed that this aspect in a highly present factor during the exit interviews they hold with employees that leave the organisation, therefore management is of the strong opinion since they also have the data that there is indeed a friendly and supportive empathetic environment within the organisation. The fact that there is a high degree of trust based constructive

relationship amongst all employees regardless their position is something which is quite evident when the organisation holds anonymous surveys every couple of years. The trade union representatives have stated that the employees' personal norms have not been challenged in any way by the norms of the organisation in any way. Also the levels of trust are rated as excellent at all levels of the organisation by both the trade union representatives and the management alike. Thought-out this section of the survey it is quite evident to us that all the responses between the trade union representatives and the management are totally in line with one another and we can conclude that the relations in the organisation are overall excellent.

Covid 19

Although the production has not been halted during the covid-19 pandemic, some departments have indeed been affected by the pandemic. Remote work has been introduced where this was possible to be implemented such as the departments dealing with administrative aspects such as financial, marketing, HR etc. The company having in mind their well-being program has taken all the necessary steps to offer home office to employees in the case this was feasible, they made arrangements with parents that needed to take care of their children during the pandemic and they have made changes to time shifts of employees to accommodate their needs during the pandemic. Moreover, the organization guided by its well-being policy and despite the financial impact to the company this had to the company, made sure that there was no overlapping between the production shifts and the employees between the shifts were never in the same building at the

same time. Furthermore, the company was the first to import on its own rapid tests that were given for free to employees long before these were offered by the state. There have also been in-house doctors on call that all the employees had the right to address any symptoms they thought were related to the covid-19 and seek further medical assistance. It seems that the company despite the additional costs incurred has taken many steps in making sure the well-being of employees was safeguarded in as many ways as possible. During the onset of the pandemic, there has been an increase in the use of ICT in the areas of mainly tele-conferencing, use of internet, use of emails and texting. The trade union representatives believe the risks of infections will lead to the acceleration in the use of ICT and having in mind the nature of the work environment they believe that it would not lead to an acceleration of Direct Participation in the future. The Health and Safety Officer in cooperation with the HR Management were involved in the implementation of covid-19 regulations and the organization has used the company portal to forward all the information to the employees instantly.

Health Insurance Organisation

The Health Insurance Organisation was established by virtue of the Law No 89(I) 2001 as a legal entity governed by public law for the implementation of the General Healthcare System (GHS) in the Republic.

It is governed by a Board of Directors in which the government, the employers, the employees and the patients are represented. In accordance with the General Healthcare System Laws of 2001 to 2017 the Organisation is the executive authority for the implementation of the GHS. The Law stipulates the philosophy, system-architecture and

main features of the GHS. The enterprise employs 100-150 employees at this time and 90% of them are members of trade unions.

Employment Relations

Representation of the workers is at company level. In the field of social dialogue there is consultations with the trade unions, collective bargaining negotiations with trade unions and as mentioned by the employer's side there is discussion and consultation between the HR department and the trade unions reps in order to discuss daily issues that arise in the organization. Collective agreements are determining working conditions and benefits of the staff. The representation of employees is on coworkers basis i.e. workers' representatives

Communication

Communication in terms of employment issues had been established through the following channels:

- Internal memos, leaflets and brochures
- Online through intranet, texts and email
- Through trade unions representatives in issues that had to do with the staff
- Management briefings especially at senior and middle management levels with meetings of their departments

The head of HR department stated that the organizations emphasizes and provides relevant information on all topics such as:

1. financial and economic issues,

2. business development plans,
3. employment trends and motivation schemes,
4. training and development of the staff in order to be able to work in the rapid changing working environment and
5. organizational and technology changes that are taking place in the organization.

Trade union representatives pointed out that communication between management and staff, is rather informal and revolves mainly at the middle management level. Also they pointed out that formal meetings are taking place rarely at the senior management level. The employees representatives have stated that the communication revolves mainly around employment trends, workforce training and development and organizational changes.

Direct participation arrangements

Based on the analysis of the results it is evident that:

- No form of direct participation on the whole as per our project definition is taking place in the organization
- Both of them (management and trade union representatives, don't have policy about DP, as this is defined for the project purpose

However once again we see some forms of direct participation being evident and once more in the consultative aspect of the Health and Safety Committees which are evident in the organisation and the responses made are such basis.

Based on the responses Direct Participation has been introduced based on a management decision and it revolves mainly on the group work consultation having in mind the Health and Safety Committees. Trade unions were not consulted not negotiated with but rather were informed for the introduction of this form of direct participation. Having in mind the way the Health and Safety Committees, work groups/teams are consulted on daily health and safety issues and these groups are only consulted and they have not delegation for decision making. It is once again evident that direct participation on the whole is no existent. From the date available there is no indication that direct participation in the form and extent it operates that has impacted in any way the traditional employment relations. The form of direct participation already mentioned above has led to improvements in the workplace safety and health, to improvements to the work environment and the worker wellbeing and increasing job satisfaction and motivation. Furthermore, no negative impacts from the introduction of direct participation have been mentioned as well as no changes in regards to the remuneration of employees and employment contracts.

New Technologies

As the organization is running the health system the management stated that the introduction of new technologies is a continuous and an ongoing process. This is imperative in order to serve the citizens in a user friendly way through hardware, intranet, software and automation. More specifically, the Health Insurance Organization had created a platform in order for the citizens to have access to all the services the GHS has to offer and also via this platform in cooperation with the

deputy ministry of Innovation, the vaccination program during the COVID 19 pandemic has been running.

Following the introduction of new technologies, the qualifications and skill requirements of the staff, needed to be upgraded. This however was not necessary for all levels of the staff e.g. at the lower level (support staff) no changes in regards to their skill requirements and qualifications were identified so as to be able to run their daily duties and responsibilities. Moreover, the organization had introduced new forms of working systems in the last 2 years as a result of the introduction of new technologies. This primarily affect the work organization and further enhances the use of team working, job enrichment and job rotation.

From the responses received the introduction of the new technologies has not led to the introduction of new forms of production systems but rather has introduced new forms of work organisation in terms of team working or job rotation. From the analysis the team working aspect makes no reference in terms of whether this new form of work organisation has to work group delegation or consultation in any way.

Humanizing the workplace

The head of HR department mentioned that the working environment is supportive and favorable to the social and psychological health of the employees. Their arguments to support this is based on the favorable salary terms and working conditions, job security, the establishment of a friendly workplace environment and some extra benefits for the staff e.g. life insurance plan, welfare fund etc. Furthermore, the HR has

stated that organization was able to function during the covid 19 from the introduction of new technologies that have been introduced. Employees stated that team working and job rotation are not taking place in all sectors and levels of the organization.

Despite the fact that both sides agreed that the working environment in general is friendly, different opinions in issues of humanization of the workplace arise in the interviews. Another important fact is that there are no conflicts between employees and management, but some employees raised issues of work pressure and bad communication with the middle and senior management.

In general, we can assume that the trust levels between management and employees are in a good level that does not affect the operations of the organizations. Some issues between colleagues are resolved immediately so they cannot cause serious issues to the overall operation of the enterprise.

Covid 19

The onset of the Covid -19 pandemic impacted the organisations and this has also affected the employees and the organization of work. Remote work has been introduced in order to keep the organization running and also the national health system alive. To achieve this and to keep the system (platform) in operation they introduced the use of advanced technology and software in order to support remote work (smart phones, video conferences, intranet, email etc.)

Another important issue that had been pointed out from management's side is that work from home was a necessity in order to protect their

staff's health, protect the workplace from the spread of infections and that is why they introduce it. As both sides accept this necessity, they agreed that they had to regulate it.

All covid regulations and guidelines were according to the governmental degrees and laws that were issued. The Covid-19 pandemic could lead to a dialogue at company level between trade unions and the board of directors of the organization, to discuss this issues of the new work forms and the introduction of new technologies. Management believes that this could lead to a DP implementation but on trade unions side they do not believe that this could lead to direct participation implementation although they are not against the commencing of the social dialogue in order to discuss the matter.

Conclusions

Direct participation should never stop to be the aim for any organisation and labour economy. We know both from the literature as well as from our analyses both at the current project as well as previous one that it has to offer several positives for the workplace and there are no mentions in regard to any anticipated negatives. All parties should overcome their resiliencies and allow direct participation the possibility to thrive since all the parties will be gaining from it.

We have identified several positives arising from the implemented direct participation. Having in mind that throughout our analysis we have identified only forms of consultative forms of direct participation mostly in Health and Safety Committees and in some instances in aspects of

Information and Consultation, we believe that if direct participation will be allowed its full perspective i.e., implemented the delegative aspect of direct participation then we should expect even greater positives and gains for the employees and organisations.

Following our analysis, we have the following suggestions to make:

- Direct participation legislation
 - Direct participation overall as we have defined it for the project purposes does not exist within the scopes of our research and analysis at least. Yes, there are instances of direct participation that derive from the legislation prerequisites of Health and Safety at work and Information and Consultation and from instances that derive solely as an initiative of the management in an HR and motivational perspective on one hand. On the other hand, trade unions seem reluctant to pursue Direct participation, it is clear trade unions will not be an obstacle on its implementation, but they will be willing to support direct participation up to the point it will not affect their role in any way. We therefore believe that direct participation is very important for the workplace and therefore it should be somehow implemented nationwide, and it seems that an effective way to do so would be the implementation of a legislation for direct participation.
- Characteristics of the economy
 - While it is evident that direct participation is quite important, the characteristics to the Cyprus economy should be considered. 95% of companies' employee between 0-9 employees, 4% of the companies employ 10-49 employees and less than 1% employ between 50-249 employees. This aspect should be considered since it might not be

possible to implement direct participation in its full extent having in mind the sizes discussed above. Perhaps we need to investigate the capabilities of the size of the enterprises and adjust direct participation accordingly which might make it much easier to implement.

- Implementation might be hindered by the nature of enterprise
 - Direct participation allows great room for flexibility which is of course the greatest positive of its implementation since it leads to motivation amongst the employees. Despite these positives which is evident at least from the case studies and which are highly acceptable and understandable from the management side, however still it might not be possible to implement direct participation. In our cases, we had a manufacturing company that needs to abide to one of the most demanding manufacturing standards, that of GMP, which allows no room for the slightest deviation therefore it is impossible to allow delegative direct participation. On the other hand, the legislative framework under which the enterprise is operating might not allow room for too much delegation. In our second case study, HIO, which is a semi-governmental organisation set-up and running based on legislation, and therefore it must strictly abide to the requirements of the legislation which makes it difficult if not impossible to deviate and allow flexibility to employees. These coupled with the fact that the service offered, general health system, is of utmost importance to the society in general which also makes it more than obvious why it might be impossible to allow delegative direct participation to employees.
- Direct participation might be implemented elsewhere within the economy
 - In both our projects, we have tried to identify direct participation in sectors of the economy where the trade unions are present. Throughout

all our research to date we were not able to identify companies that fully implement direct participation throughout the economy. We believe however, that there is high probability that direct participation is implemented in the economy, therefore future research should try to identify direct participation in non-unionised firms and therefore have a comparison between the unionised and non-unionised firms. Of course, if in the end non-unionised firms implement direct participation, the trade unions should need to investigate further to identify the reasons behind such differentiation and the steps that need to be adjusted accordingly.

We are in favour of direct participation; we believe it has a lot to offer once it is implemented. Even though it seems it is not as widespread as we might have wanted it to be, but still, this does not mean that the efforts to convince for its great importance should stop. Our aim should be to reach a point where direct participation is freely implemented and it is part of the everyday life of any organisation. We believe that throughout these projects we are providing a lot of information to interest parties to get an idea of the situation throughout Europe and get more information in regard to good practises so as to provide a motivational aspect to be implemented elsewhere. We are confident that especially throughout our comparative project we will provide great amount of information for interested parties to implement direct participation in its full capacity.

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