

**THE DEVELOPMENT OF DIRECT EMPLOYEE PARTICIPATION AND ITS IMPACT ON  
INDUSTRIAL RELATIONS AT COMPANY LEVEL**  
DIRECT VS/2016/0305

# **DIRECT EMPLOYEE PARTICIPATION IN CYPRUS NATIONAL REPORT**



The project is implemented with the financial support of the European Commission – Employment, Social Affairs and Inclusion DG, Budget Heading 04.03 01 06

This publication can be downloaded from:  
[www.direct-project.org](http://www.direct-project.org)

**Sofia, Nov 2018**

## EXECUTIVE SUMMARY

This report forms part of the Project Direct (The Development of Direct Employee Participation and its Impact on Industrial Relations at Company Level (DIRECT) (VS/2016/0305)) and it is an effort to provide the picture at a national level. The authors have researched the area of direct participation in terms of the national literature although it must be stated that it has been quite difficult to identify any literature with specific reference to employee direct participation, therefore most of the analysis has been based on 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 Charalambides-Christis Dairies Ltd and Cyprus Telecommunications Authority (CyTA) for the case studies have been analyzed. During the time the project was running, the authors of the report came across the Cyprus Human Resource Management Association and tried to contact it and get the association's opinion in regards to direct participation but this was not possible in the end.

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.'

Throughout the report the authors have tried to identify the way the economic conditions have impacted direct participation and the role they played in promoting mostly indirect participation, the formation of the industrial relations system of the country following its independence and highlight that the way the system has been created was promoting indirect participation. Moving on the views of the social partners it is quite obvious that they have no clear picture in regards to the extent of direct participation, mostly because the issue of direct participation has never been an issue for discussion on their official agenda. Both agree that direct participation complements indirect participation and it is quite obvious that the employers would perceive the full implementation of direct participation

as a means of strengthening their position in the collective bargaining agreement process whereas the trade unions although they have nothing against direct participation, they are skeptical in regards to the philosophical idea of it being taken advantage of. Of course the case studies somehow show another picture where we see two successful businesses (organizations) implementing aspects of the definition of direct participation simply because they want to become more competitive and sustainable for the future. Both of these companies' state that the aspects of direct participation they implement is part of their policies to engage their employees in the processes they see fit to and they state that this engagement and direct participation of employees has been successful.

There is still some distance in achieving direct participation to the extent suggested by our definition but what it is to be done will form part of our conclusion. Therefore, we will now proceed to the analysis of the report.

Christos Pelecanos, Christos Karydis and Evangelos Evangelou

Nicosia, September 2018

Since its inception in 1960 and despite the traumatic setback of the Turkish invasion in 1974, the Republic of Cyprus has achieved and maintained very healthy macroeconomic indicators. Its labor market performance has been particularly impressive, especially in comparison with EU member states, let alone candidate, countries. Between 1985-98, the cumulative sum of real rates of pay increases was 71.1%, implying an average annual rate of increase of 3.9%. This performance is very impressive. Over the same period, employment grew substantially and, despite the relative wage increases for women, the percentage of employment held by women grew while that held by men fell. The overall participation rate was steady with that for women rising by about five percentage points and that for men falling by about six percentage points. In 1998, the overall unemployment rate was 3.4%, or roughly one-third that for EU countries as a whole. Indeed, the strength of the economy was such that, in 1998, it supported over 20000 foreign workers, mostly in low-skilled activities. From the beginning of 2000 till the end of 2011 the Cyprus once doing extremely especially due to the high development of the real estate market. In 2013, when at the height of the eurozone sovereign debt crisis Cyprus became the fifth EU member state to request a financial assistance package from the European Commission, the European Central Bank and the International Monetary Fund - collectively known as the Troika. The Cyprus 2013 bailout captured the attention of the world, as it

was the first and only bailout worldwide with a condition to impose a bail-in of bank deposits - a measure considered inconceivable until then. Following the country's €10-billion bailout deal and the controversial bail-in decision by the Eurogroup, restructuring the economy and restoration of credibility in Cyprus' banks has been a top priority - and true to form, the country's economic recovery has been faster than many first projected. Cyprus' speedy return to international markets was a positive step towards restoring confidence and credibility in the eyes of the international business community. Cyprus returned to growth from 2015, posting a growth rate of 1.7% in that year, and 2.8% in 2016 according to the Statistical Service. Despite the harsh terms of Cyprus' international lenders, the country has taken full advantage of the tough supervision and reform programme to correct fundamental weaknesses in its financial system. Driven by a strong private demand and supported by the euro's depreciation and low energy prices, the Cyprus economy once again beat estimates and contrary to expectations returned to growth in the first half of 2015 and officially exited recession in the second.

*Throughout its history the Cyprus economy has experienced external shocks that have been followed by astonishing revival. By studying the Cyprus economy one can see that historically the conditions have forced somehow the economy to follow the more traditional employee representation. At first there was the era of the Turkish invasion where this has led to the deterioration of the working conditions and the employees were in need of strong unions. On the other hand, the era following the Turkish invasion has led to strong development and again this has led to the increase of the density of the Trade Unions since the unions were needed for the high demand of Labour force and the employers were requesting Labour force from the Trade unions where in some cases was a shortage. The booming of the stock exchange and the bubble that followed it also saw the trade unions taking an active role in the representation of the employees. Also following the stock exchange crisis there has been the booming of the real estate which again saw a time for high trade union involvement for decent working conditions. All of these have led to the economic crisis which has led to a collapse of the economy and again the Trade Unions had to take an active role in safeguarding the all the rights for employees. The history of the nation and the sociological aspect have somehow led the trade unions to be the fatherhood of the employees and all of these have somehow been highly associated with the indirect participation of employees. Moreover, the employers on the other side did not had the time to deal with aspects*

*of Human Resources and somehow introduce aspects of direct participation as has been identified. There have been instances when the economy was booming and instances when the economy was in a recession. Despite the above, up until 2004 when the country has accessed the EU, the economy was somehow protected by rules and regulations which did not create the conditions that would force the employers to work with intense competition, something which would have forced them to start thinking about some forms of direct participation.*

**The economy has somehow played its role in promoting indirect participation on one hand but on the other hand the system of industrial relations had also played a role.**

Until 1960, Cyprus was a colony of Great Britain and the colonial authority was controlling the whole spectrum of the economy. Labour relations were restricted in collective negotiations; an element appeared however, close to the late years of colonial rule, something which constituted the main reason for frequent clashes.

Cyprus became an independent state in 1960 with the establishment of the Cyprus Republic and in 1962, the new state, having the unanimous approval of all social partners, established the “basic agreement in solving labor disputes”, which was the preamble of the “Labour Relations Code” which is still in force today. Thus, since the establishment of the Republic of Cyprus, social dialogue was developed, accepted and implemented, in the framework of tripartite cooperation (state, trade unions and employers).

The practice followed by the government, is based on the philosophy of joint, together with the social partners, determination of its policy. Additionally, the government normally adopts the agreements reached between the trade unions and the employers’ organizations.

Social dialogue is also respected by the Parliament, being advised by the social partners on all important issues of their interest, adopting when possible, their agreements reached between the social partners and the government. The Parliament also ratifies without any amendments, all proposed legislations which derive through social dialogue.

It would be indicative regarding the role of social dialogue and social partners, to mention that the whole harmonization process in labor relations issues was examined and co-decided amongst social partners, through established technical

committees which were responsible for finalizing the proposed legal texts which were eventually approved by the Cyprus Parliament.

The Industrial Relations Code which was signed in 1977 recognizes the right to organizing, both for the employees, as well as for the employers, stressing out the importance of collective bargaining and joint consultation in the spirit of good faith and trust. It is also confirmed that the main way of determining salaries and wages, as well as terms of employment, is through free collective bargaining, indicating also ways and procedures in solving any disputes.

It would not be an exaggeration to state that social dialogue's principle in relation to the tripartite nature of the Industrial Relations Code, has contributed extensively to achieving and maintaining conditions of long lasting industrial peace. It would also be important to state that the Industrial Relations Code has no legal validity or status, since it forms a gentlemen's agreement which however has been traditionally accepted and respected by all parties involved in the implementation of industrial relations in Cyprus.

Cyprus has a long tradition of strong workers' and employers' organizations and over 60% of the workers are organized in trade unions. The Industrial Relations Code recognizes the freedom of association of both workers and employers, stressing the importance of collective bargaining and joint consultation in good faith.

It also verifies that the basic way for the determination of wages and conditions of employment is free collective bargaining and it sets procedures for the settlement of various kinds of disputes. It would not be an exaggeration to state that the principle of social dialogue in accordance with the tripartite Industrial Relations Code, have contributed to the achievement of a long-run industrial peace.

Unions in Cyprus are mainly organized by industry, not by occupation and belong to strong federations or confederations, the most significant being:

- The Cyprus Worker's Confederation – SEK (affiliated to I.T.U.C and E.T.U-.C)
- The Pancyprian Federation of Labor – PEO
- The Democratic Labor Federation – DEOK

Four trade union groups bargain independently with the government, concerning the public sector:

- PASYDY (civil servants)
- POED (elementary school teachers)
- OELMEK (high school teachers)
- OLTEK (technical school teachers)

Additionally, bank employees are organized in their own independent sectoral trade union, namely ETYK, which negotiates collective agreements together with the Banks Association.

Employers are organized in the following industrial associations:

- The Employers' and Industrialists' Federation – OEV (affiliated to I.O.E and U.N.I.C.E)
- The Cyprus Chamber of Commerce and Industry – KEVE (affiliated to U.E.A.P.M.E and Eurochambers)

The system of managing industrial relations in terms of labor and social security, is also 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 considered to be 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.

The system of industrial relations and the process of solving disputes as it is determined in the Industrial Relations Code. Various tripartite advisory bodies are established in the framework of social dialogue, most important of which, are the Labour Advisory Board and the Economic Consultative Committee. A very recent

development was the establishment of the National Employment Committee.

The Labour Advisory Board consists of government representatives, representatives from the trade unions and the employers' organizations and it meets regularly following a specific agenda. This Board advises the Minister of Labour and Social Security on issues related to social security, social protection, social welfare, working conditions, vocational training, health and safety etc. The majority of its proposals normally become either a labor policy or legislation.

The Economic Advisory Committee meets on annual basis and it is chaired by the Minister of Finance. This Committee consists of trade union representatives, employers' representatives, as well as of other officials and institutions, as for example, the Minister of Trade and Industry, the Minister of Labour and Social Insurance, the head of the Central Bank and some independent experts. During the meetings, a dissemination of information regarding all aspects of the Cyprus economy is made, different ideas are also exchanged and finally there is consultation on the future design for the establishment of an improved economic environment.

In the framework of the same philosophy, the National Employment Committee undertakes and deals with issues related to the promotion of employment on national level, the improvement of vocational training programs as well as of the workers' access to such programs, the tackling and elimination of unemployment, the safeguard of equality and the elimination of any kind of discrimination and in general terms, it aims at creating a working environment in which there will be as little problems as possible.

Finally, a number of 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.

*As it has already been mentioned both the economy and the way the industrial relations have been developed has led to favourism of indirect participation for employees. This is somehow supported and by all the supporting documents that have been identified throughout this study. The discussion that follows has been based on the definition of direct participation as has been decided by the project team and on the fact that employee participation can take three broad and inter-related forms of participation.*

### ***Indirect Participation***

*When we refer to indirect participation, we refer to the representation of trade unions through the elected representatives or other in company information and consultation structures including the EWCs and also the representation of employees in the governing boards of companies. From the findings of the research and based on the system in place from the 1960s it seems that the form of employee indirect participation is in place for the case of Cyprus. Based on the research this is indicated from a number of sources. First of all, everything that has been discussed in regards to the industrial relations system in place shows that the system has been built around indirect participation. 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. 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 workplace. Union workplace committees will typically deal with issues such as health and safety, work organization, discipline and the implementation of the collective agreement. The industrial relations code says that in the specific area of large-scale redundancies the employer should notify the union as soon*

*as possible and begin consultation. The information and consultation right of the local union committees have been strengthened by the 2005 legislation on information and consultation, which requires that information should be provided on the development of the business, and the committee should be consulted on issues likely to affect employment levels or work practices. Moreover, 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. In the framework of its mediating role, the Ministry encourages the social partners to promote the establishment of information and consultation bodies (I&C). As a result, a number of collective agreements both at sectoral and enterprise level have now incorporated a special clause that refers to social partners' intention to establish I&C bodies according to the provisions of the Law 78(I)/2005 on Establishing a General Framework for Informing and Consulting Employees. However, so far it has not resulted to any practical and meaningful measures. At the same time, although the social partners agree that the adoption of Law 78(I)/2005 is important insofar as it lays down employees' right to information and consultation on a wide range of important issues, they are not motivated to introduce I&C arrangements, since in their opinion I&C rights are safeguarded by the industrial relations system itself. It should be noted that safety committees exist in establishments with 10 or more employees, as provided for by the legislation on health and safety at work (Law 89(I)/1996) and the relevant regulations on safety committees (Regulatory Administrative Act 134/1997). In those companies where collective bargaining is carried out at company level the workplace committee may be involved in this, although more often a full-time official will play the key role. Also in regards to the employee participation by being elected in the governing boards of companies, this is not quite common in Cyprus. Employees have no statutory right to be represented at board level in Cyprus, although there are union representatives on the boards of two banks. There is no legal right in Cyprus for employees to be represented at board level. In 2006 and 2007 union pressure led to the appointment of a representative of the bank employees' union ETYK at the boards of two major banks. However, following the banking crisis union representation at this level has ceased. (Indeed one of the banks now longer exists.). Also according to Workplace social dialogue in Europe: An analysis of the European Company Survey 2009, in Cyprus the only form of representation that is present is that of the Trade Unions.*

*Therefore, based on the above it is quite obvious that indirect employee participation is quite obvious in regards to the employee representation in Cyprus.*

### **Financial Participation**

*This form of participation is also quite uncommon in Cyprus. In his book "Social Dialogue and Social Systems-The case of Cyprus", Costas Kapartis, states that in Cyprus shares may be given to employees in the form of a bonus but not because of a contractual obligation. Moreover, according to a study Employee financial participation in the form of employee (share) ownership or profit-sharing plays only a small role in Cyprus' economy.*

*Public and political interest in this topic is relatively low. Cooperatives are the most important form of employee participation. The Cypriot cooperative sector is among the best developed in the world. It is estimated that a little under half of all employees are cooperative members in Cyprus. The above are also seen in a study by Wilke, Maack and Partner (2014) Country reports on Financial Participation in Europe where it is stated, that employee share ownership and profit-sharing are not widespread in Cyprus and that the organization of workers in cooperatives is significant. According to the fifth European Working Conditions Survey (EWCS) the penetration rate of profit-sharing models in Cyprus is around 3.2% and that of employee share ownership models around 0.9%. These low values are due especially to the fact that there are only a few large companies in Cyprus (in 2011 there were an estimate 76 companies with more than 250 employees) and there is a high proportion of self-employed (in 2010 17% of employment). According to the European Company Survey, only 6% of private companies with more than 10 employees offer profit-sharing. By European comparison this is below average (the average in the 30 countries investigated is 14%). The penetration rate of employee share ownership models, according to the Survey, is 4%. According to the Cranet study of 2011 in Cyprus distribution of employee share ownership models is below average (in companies of 100 employees or more). In particular employee shareholding is not widespread in Cyprus. Only 10% of the companies surveyed said that shareholding models exist in their firm; the average for all countries investigated is 23%. For the purpose of the study HR managers in 29 countries were questioned about the dissemination of financial participation models in their companies. It is quite obvious from the research that employee financial participation is not one of the major forms of employee participation*

### **Direct Participation**

*In regards to the form of direct participation, that it is of the most fundamental interests for the project, and as it will be noted from the Social actors involved as well as the case studies, it will be noted that direct participation is not widely used as well. In this part of the report we will try to identify the extent of the use of direct participation from several surveys and reports and surveys of the social partners and the case studies will be discussed in Stage II and Stage III of this report.*

*Based on 3<sup>rd</sup> Company European Survey published by Eurofound, fewer than 9% of the companies have autonomous teams. Moreover, based on the same survey, Incidence of approaches to decision-making on daily tasks are least likely to be found in establishments in Cyprus. Also, from the same report, the proportion of establishments offering employees the possibility to– within certain limits– choose the time they begin and finish their working day (so-called 'flexitime'), is on the rise and it has increased in most of the EU countries, whereas it remained the same in Cyprus.*

*Furthermore, the 5<sup>th</sup> 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. 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.*

*Moreover Mr. Kapartis in his book agrees that Human Resources Management as a department of the Enterprise for the development of employees and their performance, team work as a method to accomplish results through involvement and TQM as a global view of attaining goals all have an impact on managerial decision making, states that they do not form the case and cannot be considered a form of direct participation for the Cyprus case.*

*Although the bibliography of indirect predication is not very extensive, from all the sources that were being able to identified for the purposes of this report it is quite obvious that for the case of Cyprus Direct Participation as it has been identified for the purposes of the project is not widely used. There might be some instances for direct participation as it might be seen from the case studies but these are rather initiatives that have a high degree of Human Resources Management system in place and as a form of managing employees rather than as an initiative to actively involve the employees in the management of the organizations.*

*Based on the bibliography analysis and as it has been stated by the authors of this report, the extent of DP for Cyprus is quite difficult to identify and even if it exists, this is the minority case and not the majority. It would therefore be quite difficult for authors to identify any bibliography especially developed for the Cyprus case and that would explain the relationship between DP and the national characteristics and institutional context. The authors however, will try to base their theories on the more general perspective of how direct participation can evolve as an HR tool and try to base their theories on a more general perspective.*

*Based on our analysis it is quite obvious that direct participation has no clear relationship between itself and the national characteristics. 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 areas employees are not unionized is completely in the hands of the employers and it seems that all the social partners are in in favor of indirect participation. From the research it does not seem that trade unions demand it, they might not object to it but definitely 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.*

*It must be stated that there was a lot of difficulties in identifying literature that refers exclusively to direct participation in Cyprus and most of the results arise from the responses of the social partners as well as the case studies identified. There has been a number of attempts to try to get the Cyprus Human Resource Management Association to provide its expertise in regards to the main characteristics of direct participation solely from the management and HR perspective but unfortunately there were not able to participate, therefore as stated above the characteristics of direct participation that provide the picture for the Cyprus economy will derive from the case studies. Also the views of social partners will also be provided in the following sections of the report.*

*Based on our analysis and always having in mind the definition of the project, we can state that the following characteristics constitute direct participation in Cyprus either on an individual or group level.*

- Regular meetings with immediate management
- Training and development review meetings
- Regular performance meetings
- Attitude surveys
- Suggestion schemes
- The organizations of the work
- Health and safety issues
- Quality of product or service. They consider this as their main advantage when they had a comparison with their competitors
- Customer relations
- Introduction of new technologies

*We cannot be certain these are the only areas constituting direct participation in general or these are the only ones used in our areas of research, but in regard to the two sectors that have been identified for our study purposes and in the two companies we have selected the above constitute some form of direct participation based on the definition set by the project. It is the authors opinion that the science of Human Resource Management has made great improvements over the last decade in Cyprus and there are for sure many companies, especially multinationals or big local ones that might offer more than what the definition in regards to the direct participation has identified for the project's purposes. Nowadays, there are a number of companies both local and multinational that hold the accreditation to the Investors in People standard. This standard focuses on the following:*

- *Better Leaders*
  - *Develop stronger leaders at every level of the organization. Ensure that all people-managers are equipped to provide the best support to their teams.*
- *Feedback You Can Measure*
  - *Enhance performance by measuring employee feedback against the IIP framework, which shows you what's working and highlights opportunities for improvement.*

- ***Efficient Structure, Effective Team***
  - *Structure brings comfort – build the right organizational structure and unlock your people’s potential, helping to future-proof your business and ensure sustainable success.*
- ***Continuous Improvement***
  - *Embrace constant change and keep improving with the help of a simple road map for excellence.*
- ***Dedicated Experts***
  - *Draw on our skills and experience – IIP is the only accredited people-management solution that provides access to a dedicated, highly experienced Practitioner.*
- ***Define Your Culture***
  - *Strengthen and embed your organizational culture and understand how to use your values to drive decision-making at every level, empowering people to deliver exactly what’s needed.*
- ***Employer Branding***
  - *Boost your reputation as a great employer that is determined to attract and retain talented people, a business that genuinely engages with and invests in its people.*
- ***Benchmarking***
  - *Benchmark and compare against your industry and peers and secure boardroom buy-in for HR and people strategies by bringing data to the table.*

*Therefore as it can be seen from the Standard, it is obvious it covers more than the definition of the project states in regards to direct participation so this might be an indication that direct participation might be more widespread but this is just a speculation of the authors analyzing certain data and it can not be verified or dismissed based on the research, it is just provided in an effort to raise the question that direct participation might be more diffused that what was originally thought.*

*Based on the analysis of the case studies we can come to the conclusion that direct participation can be both individual and group but in the majority of cases it is consultative, something which will also be analyzed when we refer to the case studies. It seems however that from the case studies amongst the top forms of direct participation are the following:*

- *Regular meetings with the management*
- *Attitude surveys and suggestion schemes*

*The is also reference to Performance Appraisal meetings and H&S committee meetings but since these do not constitute part of the definition of direct participation we consider them not to being amongst the top forms of direct participation. In regard to these, there will be reference when analyzing the case studies. Another issue that arises from the case studies is that direct participation is covering only the employees at the low levels of the hierarchy and there is no reference regarding supervisors or managers. It is quite obvious however that the introduction of direct participation is a management initiative, this is no surprise since with the evolvment of HR practices in Cyprus, direct participation as has been identified and defined is highly correlated with HR practices. We can say from our analysis, that indirect and direct participation correlate with each other. The Trade Unions deal with all the employment issues as these derive from the collective bargaining agreements or by law and allow space to the business to put in place managerial practices (e.g. direct participation) that see fit for the running of their businesses. The Trade Unions will raise no issue in regards to direct participation up until they see that their interests in the presentation of employees are not "threatened" in any way i.e. up to point that they see their role being diminished in the presentation of employees. At the point the analysis of all the data and the input of the positions of the social partners there is no indication at all that there is a conflict between direct and indirect participation. As has been already mentioned the Trade Unions will not interfere with direct participation and they do not believe that it influences either them nor that it influences other forms of representative democracy. Having stated that, it must be noted that during the interviews of the Trade Unions, they were quick to note that they would not allow direct participation to be used as a means by the businesses to weaken the Trade Unions by providing false illusions that Trade Unions are not needed and that all the issues could be dealt between the employees and the management side directly. The Trade Unions for the time being see no threat for direct participation, they believe both direct and indirect can coexist but they are keeping an eye on direct participation.*

*Throughout our analysis we have tried to identify the impact of direct participation and although it is obvious from the responses of the respondents that they believe direct participation to having a positive impact, unfortunately we were unable to*

*recover and national publications in regards to the impact of direct participation. Since however we were unable to come up with any national literature the authors thought that the analysis should be based on the various aspects the direct participation definition and base these on the international bibliography. Despite not being able to recover any specific national bibliography on the subject matters, does not mean that the international aspects could not be highly deviated in the local economy of Cyprus, especially having in mind that we live in a global economy. So, one of the issues to be identified was whether review meetings with employees have an impact on the business. Of course they do and they have a positive, some of the positives they can provide are the following:*

- *Staff Meetings Help Keep Everyone Informed*
- *Staff Meetings Are Vital for Problem Solving*
- *Staff Meetings Provide an Opportunity to Innovate as a Team*

*Another aspect of the definition for direct participation refers to attitudes surveys. Based on our research attitude surveys can definitely have positive impacts, some of which are:*

- *Facilitate the company's development and organizational change*
- *Focus on specific company needs or gaps in service, training and professional development*
- *Enhance communication between employees and management*
- *Provide employee feedback on company morale and the health of the organization*
- *Offer feedback on the impact of company policies and procedures*
- *Identify ways to motivate employees, increase job satisfaction and improve the bottom line*

*Suggestion Schemes can also provide great positives for the company, some of which are the following:*

- *Improvements in operations, working conditions and work practices*
- *Savings in materials, energy, and supplies*
- *Improvements in the work environment to increase safety and prevent dangerous accidents*
- *Improvements in products/services in terms of quality and productivity.*
- *A pool of ideas and suggestions that are available for future projects*

- *Increased customer and stakeholder satisfaction*
- *Improved operating efficiency or effectiveness (resulting in reduced cost)*

*On the other hand, empowering and delegating authority to employees can also have a positive impact on the organization. Some of the benefits from employee empowerment can be:*

- *Encourages company change*
- *Employees will feel more appreciated*
- *Will lead to job satisfaction and creativity*
- *Employees can respond to change and decision making will be greatly improved*

*It is not the aim of authors to elaborate extensively on each part of the definition for direct participation but from the above analysis the authors aim was to point out that most of the aspects mentioned in the definition of direct participation have a positive income on the businesses. The authors mentioned the individual side of the positive outcomes but it is quite understandable and acceptable that the above mentioned positives can be fully adaptable for groups as well. Besides these and despite the fact we were not able to retrieve any national literature that will verify the outcomes for direct participation, the positives from it are quite clear and Cyprus could not be an exception, therefore the authors support that wherever direct participation is in place in the Cyprus economy beyond the areas studied, then such implementation would provide positive outcomes.*

*Organizational change is an important characteristic of most organizations and refers to any alteration that occurs in total work environment. An organization must develop adaptability to change and organizational change is inevitable in a progressive culture. Therefore, organizational change refers to the alteration of structural relationships and roles of people in the organization and it calls for a change in the individual behavior of the employees. Organizations survive, grow or decay depending upon the changing behavior of the employees. It is quite obvious that all of the positive outcomes that we have identified above would greatly facilitate the organizations in the changes that they must undergo in order to survive.*

*Having analyzed all of the above, it is clear that direct participation is expected to have a positive impact on work organization and although there is no indication in regards to whom benefits from direct participation, analyzing the international*

*literature, the Trade Unions perspective and the case studies, we can say that both employees, management and the business as a whole is expected to benefit from direct participation. Following the analysis, we can see that both respondents state that direct participation can have an impact or facilitate the following:*

- *The organizations of the work*
- *Health and safety issues*
- *Training and development*

*All the above would greatly affect and have a positive impact in terms of skill development, employee motivation, job satisfaction and well-being and can potentially lead to win-win situations although this is not officially shown throughout the case studies.*



## **Analysis of the positions of the Social Partners**

### *Cyprus Workers Confederation*

Based on the definition that it's given by the project, this creates inconsistencies since it might be taken advantage of by the management therefore side lining employment issues and therefore not directly involving employees in matters of employment but rather managerial issues that would only benefit the organization. For Trade Unions direct participation sounds like the involvement of employees towards employment issues and also organizational politics that in the end affect the employment of employees. It is not a matter for Trade Unions if the company requests for the input of employees in regards to which kind of product to introduce into the market, what sales strategy etc., but rather it would be of interest to TU for employees to gain a reward out of the introduction of new products, company profitability etc. The ideal would be for direct participation to involve all aspects of the company, BUT if this is not the real life situation the TUs would be more interested for the direct participation of employees in regards to employment issues, rather than management ones i.e. the TUs would lean towards an employment sided direct participation than a managerial one. SEK is also of the opinion that the relationship between DP and national characteristics is complementary to one another and they correlate and coexist, supporting and promoting industrial democracy. Throughout this democracy, it would greatly help in collective agreements and reinforce the role of Trade Unions.

Despite the above however, SEK is skeptical whether direct participation would become a managerialist HRM tool, used to diminish the power of Tus and especially in those working environments where there is no strong Trade Unions representation or none at all or working environments governed by no industrial relations system in place. In all these cases direct participation would be a managerialist HRM tool, taking advantage of the employees without any rewards for them.

During the interviews, SEK raises a number of questions in regards to direct participation and its implementation, questions such as why direct participation is introduced e.g. is it introduced for the efficiency and profitability of the organization, or is it introduced to gain the support of employees in promoting employment policy changes in the workplace?? The trade union is willing to accept introduction of direct participation for profitability and efficiency purposes but not for being misused against the trade unions.

As it has been already stated the picture of the extent of the diffusion of DP is not clear and of course the trade unions would not accept the involvement of employees on an informative basis to be considered direct participation. SEK can accept and is aware that the HR practices used nowadays are leaning towards requesting the input of employees on certain matters but this does not mean that there is direct participation in place as has been defined by the project. Although SEK is skeptical of the use of direct participation, it is not against but rather the General Secretary of SEK stated that in the correct framework direct participation would be encouraging for a more widespread adaptation.

Although it is difficult to specify the companies that have direct participation in place, SEK believes that in the cases where it is being implemented in the right manner and following the definition of the project, then in such cases all the forms of direct participation would be in place. SEK, however believes that the implementation of direct participation in the forms it exists to be highly consultative and rather individual, and since SEK is not aware of the extent of direct participation then a dialogue should take place for its full and complete implementation covering all of its forms so as to help the businesses and at the same safeguarding that the direct participation is appreciated by the managements providing returns to employees in the form of rewards. And of course having said, SEK has no hesitation that when in place in the correct manner, direct participation would be highly correlated with indirect participation. The strengthening of such correlation would also help TUs of having a better picture of the organization and also in setting the goals for the TUs within the framework of the organization, which might help minimizing the disputes within the workplace.

The trade unions consider that the impact of DP will be positive for employers in matters such as work efficiency, higher level of productivity, smoother and lighter implementation of new organizational models, restructuring of organizational and production procedures and new technologies. Also this can lead to better company performance and increased competitiveness that can lead to more profits. Despite no solid data to support that DP is leading to “win-win situations”, the idea is that hypothetically it could lead to. After all, as a matter of principle DP should expected to lead to “win-win situations” which in turn would help in the development of high-trust relationships. Of course SEK, believes that set in the right and correct manner following the social dialogue process, direct participation would have a major role in fostering more sustainable companies

and stronger forms of corporate governance, BUT in order to be effective all the parties should benefit from it, the employees should not in any case be the means for providing benefits only for the management.

One of the negative criticisms on DP aspects revolves on the fact that it might be taken advantage of by the management side to gain the favor of the employees in order to promote and implement management decisions. SEK believes there is a high probability this might be the case for Cyprus and therefore is quite skeptical on the effectiveness and efficiency of the implementation of direct participation in Cyprus.

In regards to the future of direct participation, SEK believes that when the time comes for the formal implementation of direct participation, then all employees should be involved in work organization and DP, since if it is based on any number of employees then the organization might lose from the input of all employees and at the other hand if the management side picks some employees to be involved only, this might be a threat that the decisions and the employees participation might be guided. The labor relations evolve and will continue to evolve always being affected from other factors such as the economy, legislation, technology etc. The only reason why this evolution would pose a challenge for issues of employee autonomy and participation, would only be in the cases where it is directed in such a way as to affect the industrial relations by trying to get advantage of the employees' side. The era of digitalization and the new generations of employees might be factors pushing for the implementation of direct participation, something that needs to be addressed, but in needs to be addressed following social dialogue making sure that its implementation would lead to fairer work place environment.

### *Cyprus Employers and Industrialists Federation (CEIF)*

CEIF believes the direct participation is a means of having deliverables and a time frame by the management and the way to handle these deliverables would be left on the employees, the employees would be given the autonomy to achieve deliverable within the set framework. Although there are no many real data available, the CEIF believes that direct participation can have a relationship with the national characteristic, since it can lead to improved productivity, improved levels of job satisfaction, more autonomy on behalf of employees which all can affect the economy and the industrial relations system at the end of the day. The federation believes that direct participation is introduced as a means to

improve job satisfaction, productivity which tends to derive from a unilateral and managerialist HRM tool and strategy.

The CEIF has no indication in regard to the number of companies that might have direct participation but they are of the opinion that it would most probably in place in the very big companies in the Cyprus economy and which are estimated to be the 0.01% of all the companies operating in Cyprus, these companies have in place exceptional HR systems and within this mindset there is a very big probability that they have in place many if not all of the aspects of direct participation. These big companies are widespread throughout the economy covering all the areas of the economy. In regards to the common forms and practices of DP at the workplace, the federation is of the opinion that many of the following are in place both in big and medium size enterprises mostly on a consultative basis:

- Opinion surveys
- Job satisfaction surveys
- Suggestion Schemes

Also, the federation believes that in the cases that direct participation is in place although as mentioned above there is no clear of the extent of its implementation, still the federation believes that in the extent it is in place it covers most of the main issues specified by the research such as:

- Productivity and continuous improvement
- Quality control on products and processes
- Working time
- Work organization
- Technological change
- Training and development
- Etc

In order to support the statements above the Federation has made reference to their Sound Labour Relations Certificate to provide an example that many of the areas if not all are covered under this certification and to prove that there are companies in Cyprus that have in place direct participation that exceeds the definition as it has been provided by the project.

*Sound Labour Relations – Contemporary Businesses:* OEB continues the implementation of “Sound Labour Relations – Contemporary Enterprises”, a project which is co-funded by the Republic of Cyprus and the European Social Fund of the European Union. The project aims to bridge the gap caused by the economic crisis’ financial and functional pressures on small and medium sized firms and the need for precise and effective implementation of the labour institutional and legislative framework governing industrial relations. The Certification Model, part of the project, is a tool that further enhances and improves our understanding and correct implementation of national labor legislation, while integrating various proven best practices. The model focuses on the following five areas:

- Implementation and promotion of healthy industrial relations
- Health and Safety at Work
- Labour law and human resource management
- Equality in employment and the prevention of harassment and sexual harassment
- Work-life balance

Companies who apply for the certification undergo assessment on all five areas. So far, 35 companies have been accredited the SIR Certification. Amongst the good practices adopted are:

- Annual or regular meetings in order to present important issues and outcomes and discuss matters relating to the business or employment activities. Minutes are held for every meeting and if assignments are given out a system to monitor the implementation is set up. (mandatory)
- Suggestion mechanisms such as suggestion boxes, email procedures etc.
- Information portals through setting up of intranet systems, bulletins, email notifications, announcement boards, circulars etc.(mandatory)
- Notifying employees of potential available vacancies. (mandatory)
- Providing statistical and other data to staff members. (mandatory)

- Informing employees systematically of changes in labour law by assigning the task to a specific person and appointing an official respondent.
- Creating a virtual or real library with information material relevant to employment such as information Guides by the Ministry of Labour and other relevant publications.
- Creating a virtual or real library with all forms (sick leave, annual leave etc), employment handbook, procedures, health and safety plan etc.
- Creating a virtual or real library with data requested by employees. This way employees can inspect the progress of a process.
- Annual opinion survey. The results are presented to the staff and decisions are taken on possible measures to implement.
- Providing motivation for people to submit suggestions and ideas (i.e. rewarding employees who do so).
- Draft of a clear organigram/structure of the company. This enhances transparency and clarifies hierarchy.
- Draft of job descriptions after consultation with each individual. (mandatory)
- Adoption of an official complaints procedure in order to clarify hierarchy and identify possible results. Enhances transparency and security. Anyone who submits a complaint either anonymously or using their name, is protected from any harmful and discriminatory treatment.
- Regular consultation on health and safety matters and adoption of a work stress related procedure. (mandatory)
- Adoption of a disciplinary code. (mandatory)
- Draft of an employee handbook that incorporates all policies and terms of employment and is accessible to all employees (mandatory).
- Draft of a formal non-discriminatory hiring procedure. (mandatory)
- Utilizing the Industrial Relations Code.

- Adopting an evaluation system based on employee feedback. Employees are trained based on the results of the evaluation in order to personally improve.
- Exit interview systems.
- Adopting a Code for the Prevention of Harassment and Sexual Harassment. (mandatory)
- Implementing training programs on equal rights, active ageing and other matters requested by employees.
- Provision of gym subscriptions and participation in other sporting events.
- Adoption of procedure for the smooth transition of women who return from maternity leave. (mandatory)
- Support lifelong learning through informing employees of training opportunities and/or granting extra leave for training purposes and/or granting flexible working hours and/or granting subsidies. (mandatory)
- Implementing flexible forms of employment and supporting telework through official policies and mechanisms.
- Mentoring programs.

Having said all of the above it is quite obvious that the federation believes that direct participation and indirect participation complement each other.

The federation is absolutely sure that direct participation has a positive impact for employers in terms of improved work efficiency, higher productivity, lower absenteeism, better company performance etc., as well as having a positive impact for employees in terms of skill development, job enrichment, greater autonomy, job satisfaction etc. Since the federation believes it can have a positive impact for both employers and employees then for the federation it is definite it can lead to win-win situations and potentially lead to high trust employment relationships, the reason being that it is not the only factor to be taken into when evaluating the development of high-trust employment relationships. Having in mind all that has been said about all the positive outcomes expected by the implementation of direct participation, the federation does not see any negatives

in terms of higher workloads, employee stress, lack of pay returns etc. arising out of the implementation of direct participation. The interesting part in regards to the negatives of direct participation is the fact that the federation somehow accepted that direct participation might lead to marginalization of the unions but this is not rule and it is not the reason why it is put in place. On behalf of the federation however there is no quantitative data that measures the contribution of direct participation so as to be able to know whether it can play a role in fostering more sustainable companies and stronger forms of corporate governance. In order however to gain all the positives and for direct participation to be effective the federation believes that transparency is needed on behalf of the management and the employees, mutual trust is also needed, commitment from both sides and clear objectives. The federation is in favor of direct participation and it promotes the involvement of employees in their own organization something which can also be found throughout their own employee manual. They are definitely against regulation of direct participation and should be based on voluntary arrangements.

*Once again, it is obvious that although both social partners see, understand and accept that direct participation would complement indirect participation and they both respond by stating that direct participation would led to positive impacts on employers and employees and would lead to instances of win-win situations, at the end of the day both sides always have in mind to safeguard their ideas and objectives. On one hand the employers side although not aware of the extent of direct participation, still they see an opportunity to bypass the trade unions and this is obvious from their response that they would not accept any legal interference with its implementation, something which might hinder that they want the freedom to adjust direct participation in such ways that would benefit them. On the other hand, trade unions would not strongly promote direct participation and it is obvious throughout their responses that they would be very skeptical on its implementation and they would keep a close eye on it, since it is obvious they fear that it might be a means loosening the ties they have managed to create with the employees throughout the years, although it is not stated, direct participation might be considered a threat for the trade unions.*

## Case Studies Analysis

### *Charalambides-Christis Dairies Ltd*

It is an enterprise in the food industry that manufactures milk products but also distributes products. Its workforce is about 550 employees. The majority of them, 88% of them are on a full-time employment basis and the rest of them on seasonal basis (staff that works during summer), and 85% of the workforce are members of Trade Unions, and the terms of their employment are covered by collective agreement on enterprise level. In regards to forms of direct participation, the management communicates and consults with individual employees in different ways, through:

- Regular meetings with immediate management
- Training and development review meetings, in order to decide in which areas the staff needs to develop in order to be more efficient
- Regular performance meetings
- Attitude surveys. These surveys are taking place from time to time and what they want to discover is the opinion of the middle management and first line employees, on specific issues of the different sectors of the organization
- Suggestion schemes

The issues that the company sought from employees on individual basis on a monthly basis are the following:

- Health and safety issues
- Training and development
- Quality of product or service
- Customer relations.

Based on the department needs there might be instances where individual employees are devolved with decision making without the need for the employees to refer back to their immediate manager. For example, in the Sales department employees might be granted authority to decide on issues such as:

- The quality of product service
- Improving the work process
- Dealing with external customers

Also for the administration/management department, employees are provided

autonomy for decision making on all of the following:

- Scheduling of work tasks
- The quality of product / service
- Improving the work process
- Dealing with internal 'customers'
- Dealing with external customers / clients
- Time keeping
- Attendance
- Working conditions

In terms of the Work Group composition and its organization, the management decides the composition and what issues will be devolved to the work-group. The decision on which changes are going to be implemented it's on management's side. The work-groups always have a leader that is selected by the management. The management usually seek to consult with employees on a work group basis within regular meetings targeting in groups with specific tasks both on ongoing basis i.e. quality circles of different sectors of the organization, and on a temporary basis with groups that are dealing with specific tasks i.e. project groups especially in the introduction of new products. In such groups the views of employees are on issues such as:

- The organization of work
- Training and development
- Quality of product service
- Customer relations

The work-groups are mainly consulted on a need basis, depending on the issues that have to be discussed and dealt with, but the groups with a specific role (sales department, production department) are having monthly meetings. The group consultation is compulsory for the groups that are created by the management and is voluntary when the company asks the employees to create a group to deal with a certain target task or to come up with a certain idea. Management gives space to the work group on decision making and how to undertake their tasks without reference back to the immediate manager level on issues and matters such as:

- Time keeping
- Attendance and absence control

The group participation is compulsory for the groups that are created by the management and is voluntary when the company asks the employees to create a group to deal with a certain target task or to come up with a certain idea.

The workforce is communicated with in the following ways: a) regular in-company magazine/newspaper, b) leaflets, brochures and memos, c) trade union channels and d) videos.

Consultation and delegations' arrangements on important organization and other changes are discuss with TUs as following:

- Representatives are informed (changes in work process)
- Representatives are consulted (mainly for management systems that affect employees)

The company's view is that the introduction and the devolution of decision-making (both individual and work-group) did not result in any changes to the remuneration system.

#### *CYTA (Cyprus Telecommunications Authority)*

CYTA is a Semi-governmental organization and it is competing with other private companies in Telecommunications and Electronic communications sector. The workforce of Cyta is about 2500 employees. The majority of them, 73% of them are on a full-time employment basis and the rest of them on an hourly basis employment (they are working in call centers and Cytashops). Trade Unions have a strong representation in this enterprise and 90% of the workforce are members of a Trade Union, and the terms of their employment are covered by a collective agreement. The collective agreement covers only the employees of the enterprise, and it's an agreement between the Trade Unions and the organization. The general guidelines for every renewal of the collective agreement and to all of the Semi-Governmental organizations sector, are provided by the Government following the negotiations between the Government and Trade Unions, so Cyta and its local Trade Unions are bargaining for the renewal of the collective bargaining agreement within this guidelines, although they are dealing with the problems that affect the organization.

Cyta's management seek to consult with individual employees in two ways, through:

- Regular performance meetings, which includes regular performance meetings in order to find out in which points employees need to improve employees' skills, in order to plan certain training and development seminars that would be needed.
- Attitude surveys. These surveys are taking place from time to time, trying to identify the opinions of the middle management and first line employees, on specific issues of the organization.

On the other hand, the issues that are raised by employees on individual basis are the following;

- The organizations of the work
- Health and safety issues (Cyta is having as one of its priorities to keep a safe and healthy environment not only for its employees but also for its customers)
- Training and development
- Quality of product or service
- Customer relations
- Introduction of new technologies

The management consults employees on individual basis on a needs to basis. The individual non-manager employees can undertake the following tasks without reference back to his/her manager on the following issues:

- Improving the work process
- Dealing with external customers (customers satisfaction). This doesn't apply in every case, they are exceptions for extraordinary situations and issues.
- Dealing with internal customers
- Time keeping.

In terms of the Work Group composition and its organization, the management has the upper hand in the composition and it's the player that decides who are going to be involved, what are the issues that will be devolved to the work-group. Despite that, the decision on which changes are going to be implemented by the work group derives from the managements side but it varies according to the changes that the work-group suggested and in what degree affects individual employees. Usually the work-groups have a leader that is selected by the management in order to give reports and feedback for the changes and

issues that had been raised and discussed together with the possible solutions suggested by the work group back to the management. The management usually seek to consult with employees on a work group basis within regular meetings targeting in groups with specific tasks, on ongoing basis (i.e. quality circles of different sectors of the organization) and on a temporary basis with groups that are dealing with specific tasks i.e project groups especially in the introduction of new products and technologies).

In such work groups the views of employees being sought are on issues such as:

- The organization of work. The management believes that they can offer a lot in this process.
- Training and development. Employees are one of the most valuable “asset” of the organization and must be well educated in order to have an advantage over the competitors.
- Quality of product service
- Customer relations, is a major issue for the organization due to the fact that satisfied customers are playing a main role in the marketing environment. The link between organization and customers are the first line employees.
- Introduction of new technologies according to the needs of our customers and the market in general.
- Introduction of new management systems that promote equality and give initiatives to the employees.

The consultation of these work-groups is compulsory and frequency of their consultation depends on the issue that the work group has undertaken.

Management gives space to the work group on decision making and how to undertake their tasks without reference back to the immediate manager level on issues and matters such as

- Allocation of work and scheduling of work within project teams
- Scheduling of work
- Time keeping

Other means of information and consultation used by the company in order to communicate with workforce are the following: a) regular in-company magazine/newspaper, b) leaflets, brochures and memos, c) trade union channels and d) senior management meetings with the workforce ( ‘town hall ‘ style meetings)

Trade unions have strong representation as mentioned before and the organization are counting their opinion and suggestions. Consultation and delegation's arrangements on important organization and other changes. These arrangements occur in the following scenarios:

- Representatives are informed (mainly for critical strategic decisions)
- Representatives are consulted (mainly for management systems that affect employees)
- Representatives are involved in negotiations (mainly for pay package and employment related issues)

The company believes that the introduction and the devolution of decision-making (both individual and work-group) has resulted in changes to the remuneration system in the workplace especially in the performance related bonus for hourly paid employees and the changes that have resulted to the remuneration system in the organization, and since direct participation has led to changes in the remuneration system, these changes also included the following:

- Formal skill qualifications , the organization gives additional increments that are paid for pre-specified formal qualifications)
- Bonus payments based on individual attitudes, individual or team performance output
- Quality

## CONCLUSIONS

*Throughout the report the authors have tried to identify the extent of direct participation in Cyprus. Although the beginning of the project, direct participation seemed that it would be something non-existent, especially after reviewing the existing literature in existence, this pale picture has been overturned after reviewing and analyzing the case studies. There is an indication that direct participation is in place not at the full extent that the definition of the project identifies but quite extensively we must. This is the case in the industries and companies that the trade unions are present. It is the authors perception that there are companies operating in the economy that go beyond the direct participation definition provided by the project.*

*We need to focus on the areas of our research however and we must state that in these areas instances of direct participation is present. This of course is considered*

*a success factor for the authors since at least after finalizing this project we are somehow aware that direct participation is in place in Cyprus. It has been quite obvious that the market is dominated by indirect participation. This is analyzed when we refer to the historical trends of the economy and how both the economy and the industrial relations have been shaped up and somehow they accommodate indirect participation. Of course this is not considered a disadvantage especially having in mind that both the employers and the trade unions have raised the opinion that they both direct and indirect participation complement each other. This is of course a great area that the social partners need to work on and capitalize on the prospects that direct participation might offer to the economy and employees in general. After all both of them are sure that direct participation can lead to win-win situations and positive results for both the management and the employees.*

*Following all our analysis and research we can conclude that direct participation is step forward, is a plus, it can even be the competitive advantage. Perhaps some people might say this is a form of HR, we have objection to calling it HR, still it remains a great tool that should be taken advantage of and with the right mindset we can take advantage of its full extent. Since we support direct participation, we can make some recommendations that we deem important.*

- *All social partners should engage in a high level discussion on how to implement direct participation*
- *A number of seminars should be performed for the high level officials of the social partners in order to understand the importance of direct participation and the positive impacts it has to offer*
- *Direct participation should be just a tool used in the workplace in order to make the organizations, effective, efficient and more competitive*
- *Direct participation should provide some remuneration for the input of employees*
- *Direct participation is not the means to deteriorate the strength of trade unions, if organizations use it with that aim in mind, although they might achieve this initial purpose but this would be done on an expense of their effectiveness, efficiency and competitive advantage.*
- *Trade Unions should not be afraid of direct participation, at the end of the day direct participation if performed on the correct manner on the workplace, this should definitely strengthen the presentation of the trade union within the workplace.*

## BIBLIOGRAPHY

<http://www.cyprusprofile.com/en/economy>

[http://www.mlsi.gov.cy/mlsi/dlr/dlr.nsf/page05\\_en/page05\\_en?OpenDocument](http://www.mlsi.gov.cy/mlsi/dlr/dlr.nsf/page05_en/page05_en?OpenDocument)

<https://www.eurofound.europa.eu/country/cyprus>

<https://www.worker-participation.eu/National-Industrial-Relations/Countries/Cyprus/Workplace-Representation>

<http://www.worker-participation.eu/National-Industrial-Relations/Countries/Cyprus/Financial-Participation/Basic-Data-on-Profit-Sharing-Employee-Share-Ownership>

<https://www.linkedin.com/pulse/10-ways-reduce-conflict-your-organization-tyrone-holmes-ed-d-cpt>

<https://www.emeraldinsight.com/doi/full/10.1108/10444061311316780>

<http://www.amy-castro.com/8-reasons-regular-staff-meetings-must/>

<https://www.interact-intranet.com/blog/the-impact-of-managers-on-workplace-engagement-and-productivity/>

<https://hiring.workopolis.com/article/7-reasons-performance-reviews-still-important-small-business/>

<https://www.investorsinpeople.com/solutions-accreditation/>

Industrial Relations in Europe, European Commission, February 2015

3<sup>rd</sup> European Company Survey, Eurofound Company Survey, 2015

5<sup>th</sup> European Working Conditions Survey, Eurofound Working Conditions Survey, 2013

Social Dialogue and Social Systems-The case of Cyprus, Costas Kapartis, March 2003

Workplace social dialogue in Europe: An analysis of the European Company Survey 2009, Eurofound

THE ECONOMIC EFFECTS OF THE TURKISH INVASION ON THE GREEK CYPRIOTS, Panos Pashardes &

Soteroula Hajispyrou, November 2003

BACKGROUND STUDY ON THE LABOUR MARKET IN CYPRUS, Christofides, Hadjispyrou, Pashardes, June 2000