



# Capacity building for social dialogue at sectoral and company level

Cyprus

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This report is available in electronic format only.

## Introduction

This report is a continuation of the 2005 project on social dialogue capacity-building. As noted in the 2005 project, for many years Cyprus has been considered a model of tripartite cooperation. This model is based on a voluntary system of industrial relations, with adequately developed tripartite cooperation and social dialogue (especially on labour market issues, labour law, social insurance, health and safety, etc.).

As was the case with the previous report, two employer organisations and three trade union organisations were interviewed, which in accordance with the prescribed terminology are considered to be central organisations. These organisations are the Cyprus Chamber of Commerce and Industry (CCCI), the Employers' and Industrialists' Federation of Cyprus (OEB), the Democratic Labour Federation of Cyprus (DEOK), the Pancyprian Federation of Labour (PEO) and the Cyprus Employees Confederation (SEK).

Outside the terms of reference of this study, one independent sectoral trade union was also interviewed, with a view to assessing the conditions in their sector, as well as to assessing their views and to further understand how they perceive the issues at hand. For this purpose, the researchers decided to interview an official from the Union of Cyprus Bank Employees (ETYK).

ETYK is the sole trade union representing the vast majority of the banking sector's employees (unionisation rates approach 100%), as well as a large percentage of employees in the insurance sector. Data pertaining to ETYK should not be analysed in direct comparison with the central peak trade union organisations, and where cited, no comments or analysis will be made with regard to the inclusion of such data.

## Social dialogue at sectoral level

### Main actors

The central peak trade union organisations are generally subdivided in accordance with a wider sector of economic activity, i.e. union for manufacturing workers, etc. On the other hand, peak employer organisations, apart from individual company members, also have association members (i.e. hotels, plastics manufacturers, printing industry, etc.). This primarily explains the differences in the replies of the various organisations regarding the number of sectoral organisations, as can be seen in the following table.

Table 1: *Total number of sectoral member organisations*

	CCCI <sup>1</sup>	OEB <sup>2</sup>	DEOK	PEO	SEK	ETYK
Total number of sectoral member organisations	130	58	5	8	7	1
<b>From which</b>						
In the industrial sector	41**	19	1	2	1	...
In the service sector	51	37	...	2	2	1
In the public sector (government and local public authorities)	...	...	1	2	2	...
In the agricultural sector	see above**	2	...	1	1	...
Other sectoral trade union or organisation	38***	...	3	...	1	...

\*In the case of DEOK, the industrial and service sector are catered for by one union, while the sectoral union for agriculture is affiliated to the first, mainly regarding administrative assistance.

\*\* Includes sectoral member organisations in the agricultural sector.

\*\*\* Sectoral member organisations in commerce and exports.

<sup>1</sup> There are 22 sectoral collective agreements in force in Cyprus. OEB is responsible for 19, the CCCI for two and both organisations have responsibility for the remaining agreements.

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## Capacity building for social dialogue at sectoral and company level

The above-mentioned organisations/trade unions are generally recognised for collective bargaining purposes, with all other representativeness rights held by the central peak organisations. Contrary to the above, DEOK is divided into sections/units, which cannot function as sectoral trade unions, in accordance with the trade union laws.

As cited in the 2005 report on social dialogue capacity-building, problems exist regarding the available data on union membership. On the other hand, regarding employer organisation membership figures, these cannot be verified by any official manner, though both employer organisations note an increase in sectoral employer organisations (i.e. associations of employers) since 2000. In general, all trade unions note an increase in the total number of workers, as noted in Table 2.

Table 2: *Membership trends for trade unions since 2000*

	DEOK	PEO	SEK	ETYK
<b>Since 2000, has the total number of workers (members) in the sectoral unions of your confederation been: Increasing / flat / decreasing</b>	increasing	increasing	increasing	flat
In the industrial sector unions	increasing	flat	flat	
In the service sector unions	increasing	flat	increasing	flat
In the public sector unions	increasing	decreasing	increasing	
In the agricultural sector unions	increasing	decreasing	decreasing	
In other sectoral member unions	increasing	increasing	increasing	

\* DEOK states that the only sector that there is a decrease in the number of workers is the manufacturing and in particular clothing sector.

Regarding membership rates, OEB did not provide any data, while the CCCI states that the enterprises in all sectoral member organisations reach 8,000. As far as trade unions are concerned, DEOK has 8,221 members, PEO has 51,366 and SEK is the biggest trade union, with 72,407 members. Analytical data regarding various sectors is provided further down in Table 3.

Table 3: *Number of members of peak employer and trade union organisations*

	CCCI no. of member enterprises	OEB no. of member enterprises	DEOK no. of workers	PEO no. of workers	SEK no. of workers	ETYK no. of workers
Membership – total	8,000	4,500	8,221	51,366	72,407	10,000
<b>From which</b>						
In the industrial sector	not available		2,319	11,952	10,420	
In the service sector			included in industrial sector	13,106	24,822	10,000
In the public service sector			1,519	9,231	21,010	
In the agricultural sector			157	6,504	5,880	
In other sectors			4,226	10,573	10,275	

In general, it can be noted that both employer organisations as well as trade union organisations are satisfactorily increasing their member base, regardless of the inevitable fluctuations that can be witnessed due to economic downturns in specific sectors (industrial and agricultural sectors).

### Organisational capacities

Regarding employer organisations, very few sectoral organisations employ their own personnel, since in essence one of the main services provided by both the CCCI and OEB includes the provision of administrative services through the peak organisations' secretariat to all their member associations.

Due to their size/membership base and professional requirements, some associations – e.g. the Cyprus Federation of the Associations of Building Contractors, the Cyprus Association of Bank Employers and the Pancyprian Association of Hoteliers – have the resources to employ their own staff and seek assistance from the peak organisations mostly regarding collective bargaining and other policy issues, which are channelled and promoted through the peak organisations.

Regarding the number of employees employed by the offices of the sectoral member organisations of trade unions, the following information was reported by the three peak trade union organisations.

Table 4: *Employment in sectoral member organisations*

	DEOK	PEO	SEK	ETYK
<b>Employees employed by the offices of the sectoral member organisations</b>	17	104	90	26
<b>From which</b>				
In the industrial sector unions	4	23	15	
In the service sector unions	...	27	29	26
In the public sector (government and local public authorities)	5	19	24	
In the agricultural sector unions	...	11	7	
Other sectors	8	24	15	
<b>MEN</b>	n.a.	86	87	21
<b>WOMEN</b>	n.a.	18	3	5

DEOK and PEO state that they have adequate personnel resources for running collective bargaining, while SEK and the employer organisation OEB feel that they have a moderate lack of resources, with the CCCI stating that it has a great lack of resources. On the other hand, all trade unions note that the sectoral member organisations have enough skilled personnel for running collective bargaining, while OEB and the CCCI are of the view that they have a great lack of skilled personnel.

Regarding financial resources for running collective bargaining, all organisations state that they have adequate resources, with the exception of DEOK, which states that it has moderate financial resources. Of course, it should be noted that having adequate financial resources is directly linked to the capacity to have adequate skilled personnel for satisfactorily undertaking collective bargaining. For example, in the case of OEB it is evident that although it has adequate financial resources, it also declares it has a great lack of skilled personnel, which leads to the conclusion that the organisation does have the means to solve the personnel shortage which is evident (i.e. a possible lack of available trained personnel on the labour market). Of course, this problem may be down to the fact that the employer organisations provide collective

bargaining services directly from the main organisation’s secretariat, which leads to other problems for employing the necessary employees (seasonality, lack of office space, etc.).

All trade unions state that the sectoral member organisations have enough resources for providing legal or any other assistance to their members, while the employer organisations note that they have a moderate lack of financial resources. This is understandable, since employer organisations probably have to supply legal assistance on a much broader subject matter to cater for the needs of their enterprise members.

In general, in reply to the question on how the peak organisations describe the organisational capacities of the sectoral organisations to conclude collective agreements, it is evident that due to the fact that the sectoral organisations are recognised for purposes of negotiating and concluding collective agreements, there is a general positive response to this question. The exception to this case is DEOK, which, though stating that in general the organisational capacities are good, it notes that for the industrial, private and others sectors the capacity was moderate, noting that personal contracts of employment and outsourcing marginalise the role and strength of trade unions. This response is justified, since DEOK is the smallest of the three peak trade unions under study, with PEO and SEK co-signing the vast majority of collective agreements (sectoral and company-level agreements).

In general, it should be noted that in some sectors it is possibly easier for trade unions to achieve their required goals, such as in the agricultural sector, where a national collective agreement exists which regulates the terms and conditions of employment of workers in that sector. In any case, the vast majority of workers in the agricultural sector originate from non-EU countries, and in order to employ such workers, employers have to apply these terms and conditions of employment.<sup>3</sup>

Table 5: *Organisational capacities to conclude sectoral collective agreements*

	<b>CCCI</b>	<b>OEB</b>	<b>DEOK</b>	<b>PEO</b>	<b>SEK</b>	<b>ETYK</b>
<b>Organisational capacities to conclude sectoral collective agreements</b> <b>Good / Moderate / Poor</b>	Poor	In general good				
In the industrial sector	...	Good	Moderate	Good	Good	...
In the service sector	...	Good	Moderate	Good	Good	Good
In the public service sector	...	...	Good	Good	Good	...
In the agricultural sector	...	Good	Good	Good	Good	...
Other sector (please specify)			Moderate	Good	Good	

<sup>3</sup> Regarding the employment of foreign labour in the agricultural sector, until recently, industrial relations were completely deregulated, and terms and conditions of employment were set on the basis of individual contracts, which, according to the Inspectorate of the Ministry of Labour and Social Insurance, were not implemented in a number of cases. After years of unsuccessful efforts, an agreement was finally reached with the mediation of the Ministry of Labour and Social Insurance. It resulted in the signing of a collective labour agreement effective for four years. In some respects it is an industry-wide collective agreement whose scope is, however, restricted to small enterprises/employers in the sectors of agriculture and animal husbandry. The provisions of the agreement cover all staff in general employed by each employer, except for employers covered by other enterprise-level or industry-wide agreements, without this agreement constituting an obstacle to the conclusion of new enterprise-level agreements. In addition, in the record of the agreement, the Industrial Relations Department of the Ministry of Labour recommended that the Department of Labour set up an Advisory Committee to examine applications for work permits. This agreement, which was signed on behalf of the agrarian organisations by Agrotiki, EKA, Panagrarian and PEK, and on behalf of the unions by DEOK, PEO and SEK, will be in effect from 1 July 2004 until 31 December 2007. As regards its content, the agreement regulates both pay and non-pay issues, but compared to the big enterprise-level agreements in the industry, it is limited to regulating the most basic of conditions.

Regarding the question as to whether member organisations have other financial resources, it is noted that trade unions are financed solely by the trade union membership fee, while employer organisations seek to supplement their financial requirements by organising seminars, exhibitions, etc.

### Roles and competencies

Regarding the question as to whether all sectoral organisations have a mandate to negotiate collectively, it should first be explained that regarding employer organisations, this mainly depends on the Articles of Association of the sectoral organisation. Consequently, PEO and SEK state that all sectoral organisations have such a mandate, while DEOK, probably due to a different organisational structure, notes that only some of them do.

Regarding the question on how many sectoral collective agreements had been concluded by the sectoral member organisations of the central employer organisations in 2005, all interviewed organisations approached the issue from a different perspective, as can be seen in Table 6.

Table 6: *Sectoral collective agreements concluded in 2005*

	CCCI	OEB	DEOK	PEO	SEK
<b>How many sectoral collective agreements have been concluded in 2005 by the sectoral member organisations of the central employer and/or the central trade union organisation?</b>	3	Not applicable	100	208	2
<b>From which</b>					
In the industrial sector	3			107	1
In the service sector				52	
In the public sector (government and local public authorities)				0	
In the agricultural sector				32	1
In other sectors				17	

With reference to the data in the above table, SEK provided information for the signing of two sectoral collective agreements (i.e. industry level) and the CCCI for three, while PEO provided information regarding company-level collective agreements signed by the sectoral union organisations. Essentially, since both PEO and SEK, in the vast majority of cases, co-negotiate and co-sign all of the above-mentioned collective agreements, both approaches are significant. DEOK has responded in a similar manner as PEO, but the lower figure reflects its smaller membership base and the fact that it co-negotiates the renewal of collective agreements in fewer companies. It is noted that when DEOK has representation in an enterprise, co-signing of collective agreements is done by all three trade union organisations.

In line with the relatively high unionisation rates in Cyprus, all organisations mentioned that more than 50% of their members are covered by collective agreements. PEO and SEK characterise the sectoral negotiation process as very good, providing the opportunity to negotiate on the basis of the specific traits and characteristics of that sector. OEB states that the process is quite good, while DEOK feels that it is quite disappointing, noting that employers have hardened their positions during negotiations. On the other hand, the CCCI characterises the process as very disappointing due to the fact that trade union demands are always very high and salary increases always exceed the rate of productivity.

Regarding the peak organisations' perception regarding which sectors' experiences are encouraging, the following was noted.

Table 7: Sectors where experiences are encouraging

In which sectors are experiences encouraging?	CCCI	OEB	DEOK	PEO	SEK
In the industrial sector		✓		✓	✓
In the service sector		✓		✓	✓
In the public sector (government and local public authorities)			✓	✓	✓
In the agricultural sector		✓	✓	✓	✓
In other sectors (specify)					✓ construction industry

In general, all trade unions felt that the public sector and the agricultural sector were the most encouraging, mainly due to the national agreement referred to above regarding the agricultural sector; to the high unionisation rates that characterise the public (government and local public authority organisations) sector; and to the tradition of agreeing and applying similar terms and conditions of employment for government and local public authorities (public service, semi-government organisations, municipalities, etc.).

It is noteworthy that SEK sees encouraging experiences in the construction sector, which, although it is going through a period of high growth and a considerable rise in labour and material costs, has led to difficulties in renewing the collective agreement of the construction sector. As this report was being prepared, a general strike in the construction sector was imminent due to a breakdown in the negotiation process, since employers were requesting a much more flexible use of subcontracting in their operations, a development which, according to the trade unions, would seriously undermine the position of the trade unions and their members' rights in the sector.

In reply to the question regarding how employer organisations and trade unions see the future of sectoral collective bargaining in the next three years, all organisations shared the view that the number would remain the same, with the exception of the CCCI, which believes it will decrease. Essentially, this general perception should be proof of the social partners' belief in the success of the current voluntary industrial relations system, but it must be noted that, as described in the 2005 report, trade unions are demanding a change in the system, with the general philosophy of voluntarism abandoned for a more legalistic approach to regulating terms and conditions of employment.

**Summary**

Sectoral-level social dialogue holds a prevailing role in Cyprus and is firmly established.

Currently trade unions seem to have the necessary capacities and structures through which it is possible to undertake social dialogue on many issues. As noted in the 2005 report, trade unions report that there is no need to create new unions in new industries, as current affiliates cover the whole spectrum of economic activity in Cyprus. In a similar manner, employer organisations also seem to have the necessary resources and capacities, though maybe not to the extent of the two large unions, SEK and PEO. Employer organisations note that members are expected to increase, since new professional associations are constantly being created to cover developing areas of economic activity.

It should be noted, though, that despite the variables mentioned above, sectoral-level social dialogue is mainly limited to collective bargaining. On the other hand, one might say that since employer and trade union organisations adequately cater for the needs of their members on a sectoral basis, this leads to dealing with sectoral issues in the national tripartite

bodies of social dialogue, where such issues are transferred for discussion. This model is harmoniously matched with the environment in Cyprus, where the small geographical area and the ease with which sectoral issues can be raised and discussed at a tripartite national level (more than 50 tripartite technical committees and councils are in place in various Ministries) adequately caters for solving sectoral problems and discussing various issues.

## Social dialogue at company level

According to OEB, 20% to 50% of companies have a trade union/shop steward operating, while the CCCI notes that this rate exceeds 50%. While the range referred to is quite wide, based on the relatively high unionisation rates in Cyprus, the actual figure should be closer to 50%. Trade unions reported that it is very common to have shop stewards, trade unions or several trade unions in one workplace, with estimations ranging from 70% to 75%, as reported by PEO and SEK, respectively.

In order to set up a trade union in a company, certain rules and regulations need to be adhered to in accordance with the Trade Union Laws of 1965 to 1996. More specifically, a minimum number of 21 employees are required, with all provisions for setting up the union followed in accordance with the law. Further to this, the trade union should be registered with the Trade Union Registrar.

Varying responses were noted regarding how common it is to have company-level collective agreements, as can be seen in Table 8.

Table 8: *How common it is to have company-level collective agreements*

Companies	CCCI (%)	OEB (%)	DEOK (%)	PEO (%)	SEK (%)
More than 250 employees	n.a.	50–60	80	n.a.	90
50–249 employees	n.a.	30–40	80	n.a.	90
Less than 50 employees	n.a.	30–50	70	n.a.	75

Regarding oral or written employment contracts, most organisations state that both types are general practice, with only PEO noting that companies mainly make written contracts with their workers. It should be stressed that in any case, employers are obliged to provide such information in writing, in accordance with the Law on the Employer's Obligation to Inform Employees of the Particulars of their Contract of Employment or their Employment Relationship.

## Works councils

In Cyprus there are no works councils currently in operation. Employee representation is of course present in the workplace in various forms (trade union representative, local committees for health and safety, etc.), but this representation does not take the form of works councils, where a structured method/procedure of information, consultation and maybe even codetermination is established. Employers note that it cannot be estimated whether the existence of company works councils will increase over the next three years, while from the trade union side, SEK expects them to increase, mainly as a result of Cyprus becoming a full member of the EU.

## Information and consultation

Directive 2002/14/EC was transposed into legislation with Law No. 78(I)/2005 in July 2005. The law applies to enterprises that employ at least 30 employees and will gradually be applied over a period of three years. At the current stage, the law only applies to enterprises that employ at least 100 employees, with this number dropping to 50 after 23 March 2007, with full applicability for enterprises with at least 30 employees being implemented after 23 March 2008.

Perceptions vary regarding the ease with which the Directive was implemented, mainly due to the current stage, where very few enterprises are actually required to apply it. It is estimated that at the current stage of implementation, fewer than 200 enterprises island-wide are actually affected by the new law's provisions, which explains why employers perceive implementation to have been relatively easy, while trade unions generally quoted lack of experience in implementation, since it is a new law. It is interesting to note in its reply to this specific question, ETYK mentioned that the law has yet to be applied even though the majority, if not all, of the enterprises of which their employees are members of are included in the first wave of implementation.

OEB and SEK are of the opinion that the implementation of the EU Directive on Information and Consultation will not increase information and consultation in the workplace very much, while DEOK is of the opinion that it will be very helpful towards that effect.

### **Enterprise-level collective bargaining**

Employer organisations participate in the negotiation process for the renewal of collective agreements at sectoral level, assisting the member association during the procedure. In the case of company-level collective bargaining, the OEB and the CCCI participate in this process only after the request of the individual company. Assistance may be requested at any stage throughout the negotiation process, and this becomes more likely if a deadlock is reached and the dispute in question is referred to the mediation service of the Ministry of Labour and Social Insurance.

On the other hand, all trade unions note that sectoral trade unions, based on the sector concerned and on the geographical region where the enterprise is located, will always or very often participate in the collective bargaining process. Trade unions had differing views regarding the existence or not of differences, with PEO and DEOK stating differences referring to the results of the process, while SEK stated that there are no differences, possibly referring to the procedure itself. Both views are correct and reflect a different approach to the question at hand.

All trade unions expect collective bargaining at company level to remain the same over the next three years. PEO does not expect any changes to the labour market, while SEK cites the well-established structures and traditions that already exist, with DEOK noting the introduction of new forms of employment.

The introduction of new forms of employment, which essentially provide more flexibility to enterprises and employees alike, will obviously be an issue over the next three years, and this is expected to be a new challenge for collective bargaining, as was the prior example of the construction industry. This, in conjunction with the necessity for social dialogue to commence on issues pertaining to the challenges arising from globalisation, the Lisbon strategy, the need for some form of flexicurity and other topics, will all prove to be major issues on the social partners' agenda. The belief of employer and employee organisations that collective bargaining at company level will remain the same during this period is again a positive response to the trust placed in the voluntary industrial relations system effectively operating for so many years in Cyprus.

### **Conflict resolution mechanisms**

In Table 9, each organisation stated that the most common and important issues of conflict at the workplace in their experience.

Table 9: *Most common conflicts at the workplace*

	CCCI	OEB	DEOK	PEO	SEK	ETYK
Conflicts on wages	1	1	1	1		
Conflicts on working hours						1
Conflicts on working conditions	2	2			2	2
Conflicts on dismissals			2	2	1	
Conflicts on equal opportunities						
Other issues						

1 = most topical

2 = second in importance

Interestingly, conflict on wages seems to be the main issue of conflict at the workplace, with conflicts on dismissals and on working conditions in joint second place. In the above table, the banking sector trade union has also been included simply to note the conflict arising from working hours, since the rigid rules and stringent control that ETYK has on employers in the sector means that employees are regularly in conflict regarding the payment of overtime.

The Industrial Relations Code governs the procedures to be followed for resolving conflicts in the workplace. According to the Code, these disputes over rights (also called ‘grievances’) mean disputes arising from the interpretation and/or implementation of an existing collective agreement, of existing conditions of employment or from a personal complaint, including a complaint over a dismissal. The grievance has to be presented to the employer by the union in writing, and if specific procedures for grievance settlement exist in the enterprise, these procedures should be followed. During direct talks for the settlement of the grievance, representatives of the trade union and the employer organisation may participate in the discussions over the grievance. The Code also places time constraints for the examination of the grievance, which should be completed within a month at the most.

If the grievance is not settled at the direct stage, then it should be either submitted to the Ministry of Labour for mediation or referred to binding arbitration. If the grievance is submitted to mediation, the Ministry undertakes to deal with it no later than 15 days from submission. If no settlement is achieved, the dispute must be submitted to binding arbitration. If the dispute is submitted to arbitration, the Ministry sees that a mutually accepted arbitrator is appointed within a week of receiving a request to this effect by either side, and assists him/her to carry out his/her task speedily by providing such facilities as may be requested. The two sides share arbitration costs equally unless the arbitrator, in consultation with the Ministry, issues special directions on this matter.

As described above, an elaborate procedure for resolving these disputes already exists, with the CCCI, PEO, SEK and ETYK sharing the view that there is a well-functioning conflict resolution mechanism at workplaces. DEOK and OEB, on the other hand, are of the opinion that the existing mechanisms should be developed, which essentially stresses the need to ensure that these mechanisms should be more effective and less time consuming.

## Summary

Company-level social dialogue, despite considerably high unionisation rates, is limited in scope and mainly focuses on collective bargaining. Works councils are essentially non-existent, while developing structures for enforcing the information and consultation Directive have not been placed high on the agenda. Obviously, with approximately 95% of companies in Cyprus employing fewer than 10 employees, it is understandable that to a large extent these family businesses are not fruitful grounds for developing company-level social dialogue.

Despite this, it should be stressed that trade unions should focus their efforts towards this direction, since it is an undeniable fact that achieving a high level of cooperation at company level may have substantial positive effects on productivity, innovation and generally dealing with competition.

### Future development

Obviously, trade unions and employer organisations in Cyprus do face some constraints regarding organisational, skills and financial capacities.

The real issue remains that the higher the standards are placed regarding organisational, human resources and skills capacities, the higher the needs will be for financial capacities.

Currently, trade unions seem to be more adequately funded, mainly due to their considerable membership base. On the other hand, employer organisations, which have much less personnel at their disposal, need to seek extra financial resources through alternative services (seminars, exhibitions and charging for other services).

It is evident that trade unions have the necessary capacity to further promote and develop social dialogue at the sectoral level, while at the company level the extensive coverage of trade union representatives across a large number of companies means that it is essentially in their own hands to develop new channels of information and consultation within the workplace. An example of this is the newly voted Law on Information and Consultation, which has yet to be applied, though it remains an issue that could have easily been promoted by trade unions.

It is evident that peak employer and employee organisations will be required to study and adapt, if necessary, their organisational structures and capacities, which will also have an undeniable effect on their personnel, skills and financial capacities.

Training seems to be one issue that is cited by all interested parties as one that requires further strengthening and attention, and this of course will have a profound effect on the general capacities at sectoral and company level.

**Orestis Messios and Eva Soumeli, Cyprus Labour Institute (INEK-PEO)**

## Annex

### Outcome of the workshop

#### *Strengths at sectoral level*

- Voluntary system of industrial relations with tripartite cooperation and social dialogue adequately developed, covering a broad spectrum of issues. It should be noted that almost all the social and labour issues are the subject of social dialogue (i.e. the adoption of the EU acquis, labour market issues, labour law, health and safety, etc.).
- High sectoral representation covering all sectors of economic activity and high unionisation rate, in certain cases up to 100% of employees (i.e. banks).
- High level of coordination between the social partners.
- High level of recognition for collective bargaining purposes.
- High level of collective bargaining coverage.
- Increasing trade union membership.
- Sufficient personnel capacities (moderate in a few cases, such as in the case of small trade unions, i.e. DEOK).
- All level support by peak employer and trade union organisations.
- Financial autonomy of the social partners, including extra resources apart from membership fee.
- High quality of services provided to the members by both the employer and trade union organisations.

#### *Weaknesses at sectoral level*

- Collective bargaining limited agenda, including mainly purely economic issues (i.e. COLA, wages, benefits, etc.) and traditional bargaining on working conditions, such as working hours and annual leave.
- Social dialogue mainly limited to collective bargaining. However, since employer and trade union organisations adequately cater for the needs of their members on a sectoral basis, this leads to dealing with sectoral issues in the national tripartite bodies of social dialogue, where such issues are transferred for discussion.
- Lack of expertise in terms of personnel resources.
- Professional segregation.

#### *Strengths at company level*

- Relatively high level of representation. Almost 50% of the enterprises have a trade union or shop steward.
- All level support by the peak sectoral trade unions.

#### *Weaknesses at company level*

- Legislation limitations on setting up a union. In particular, in accordance with the Trade Union Laws of 1965 to 1996, a minimum of 21 employees are required for setting up a trade union.
- Limited employee participation (i.e. no works councils currently in operation). Employee representation is, however present in various other forms (i.e. union representatives, local committees).
- Limited applicability of the Directive 2002/14/EC on information and consultation.

### Ways to improve the existing system at sectoral level

#### WHO

- The social partners

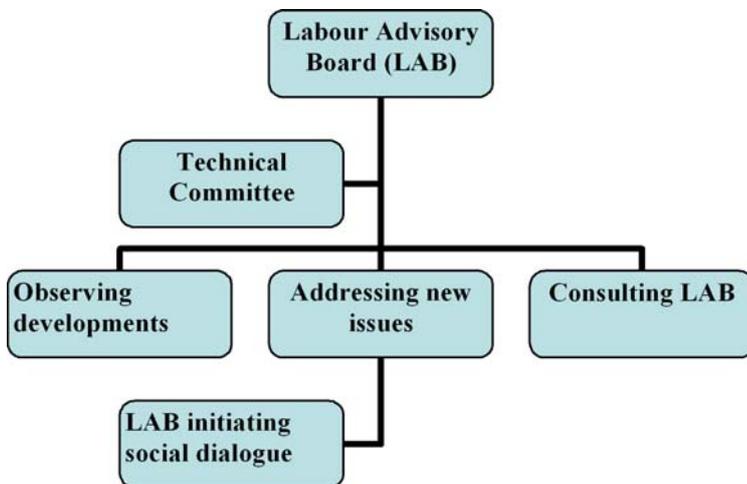
#### WHY

- Lack of expertise
- Limited social dialogue agenda
- Professional segregation
- Lack of extension mechanisms
- Need for the better understanding and implementation of labour law and collective agreements
- Lack of coding in collective agreements

#### WHAT

- Empowerment of the existing mechanisms

In particular, it's suggested to use the same national development project on empowering the existing mechanisms as the one proposed in the framework of the first phase of the 'social dialogue capacity-building' project.



The proposal refers to the creation of a special Technical Committee that will function under the umbrella of the Ministry of Labour, in particular the Labour Advisory Board (body of tripartite representation). The main tasks of the Committee in question will be to first observe developments in both national (including national developments at sectoral level) and European levels and second, to address new issues in the LAB through a process of consultation. The basic goal is the expansion of social dialogue and tripartite cooperation into new areas of interest (i.e. economic issues), as well as the empowerment of rather neglected areas (i.e. quality of work). The proposed model could easily apply to all the bodies of tripartite representation currently in place that function in the context of various initiatives and activities taken by the different Ministries.

## **Ways to improve the existing system at company level**

### *WHAT*

- Develop new channels of consultation and information within the workplace
- Increase employee participation

### **Participants in the workshop**

Social dialogue capacity-building at sectoral and company level in Cyprus, Czech Republic, Hungary, Poland and Slovenia

27–28 June 2006

Sofia

Bulgaria

#### *Government*

Mr Xenios Mamas,  
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Mr Ioannis Ioannides,  
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Mr Antreas Poulis,  
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