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SOCIAL PARTNERS TOGETHER FOR DIGITAL TRANSFORMATION OF THE WORLD OF WORK: NEW DIMENSIONS OF SOCIAL DIALOGUE DERIVING FROM THE  
AUTONOMOUS FRAMEWORK AGREEMENT ON DIGITALISATION - TRANSFORMWORK VP/2020/001/00E3

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# **NATIONAL REPORT**

## **CYPRUS**

The survey was conducted as a part of the project: "Social partners together for digital transformation of the world of work. New dimensions of social dialogue deriving from the Autonomous Framework Agreement on Digitalization" (TransFormWork VS/2021/0014), funded by EC, DG Employment, Social Affairs and Inclusion. The research and survey were done by: Christos Pelekanos, Lena Panayiotou, Paris Anastasiou, Vangelis Evangelou.



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# **1. Desk Research**

## **1.1. Historical trends and the development of Digital transformation in Cyprus**

### **1.1.1. What is the national structure of the economy**

The Cyprus economy is a small mixed economy. The country's small open economy is well known for its resilience with an ongoing expansion in the last 30 years, until the financial crisis of 2009. The GDP for 2021 was €23.5 billion.

Following this crisis of the economy, and after the implementation of the agreement of the Cyprus reform program with the International Monetary Fund, Cyprus exceeded expectations and managed to put its economy back to growth rates, ranking it as one of the fastest growing EU economies. By this time, the banking sector was completely reformed, by boosting and diversifying their capital base and cutting their non-performing loans by 65%. Also, one of the largest systemic banks went bankrupt. At the same time the Cypriot Government brought its debt under 100% of GDP, with a reform in its public finances. An amazing statistic was the fact that the Cypriot debt to IMF was paid five years earlier than was agreed.

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

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



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

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

### **1.1.2. Recent developments**

Cyprus has been progressing over the years in regard to the use of the technology aiming towards a digitalized environment. In 2017, compared to the previous years, Cyprus showed significant progress in Connectivity. The delivery of online public services was close to EU average but low levels of digital skills were acting as a brake to the further development of its digital economy and society. Although companies engaged in the use of social media and trade online, they were less prone to the take up of new technologies such as cloud and RFID. Moreover, in the Digital Public Services, Cyprus's progress was below EU average, but performance progressed in Open Data with the new Open Data portal. The number of eGovernment users was growing, but improvements in the delivery of services had stalled. The use of pre-filled forms by administrations has declined however in 2016 compared with 2015. In 2018 Cyprus still ranked 21<sup>st</sup> out of the 28 EU Member States. Overall, once again Cyprus was progressing slowly but steadily. It showed improvement in all aspects of DESI. Even though it was ranked 21<sup>st</sup>, Cyprus was relatively close to the EU average. The low levels of digital skills still posed a thread in holding back its digital economy and society. Moreover, despite some progress in the past few years, Cyprus was in line with 2017 and still below the EU average in supply and demand for eGovernment services. Cyprus



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belonged to the low performing cluster of countries. However, a new holistic and integrated national industrial strategy 2017-2030" was announced by the Ministry of Energy, Commerce, Industry and Tourism (MoECIT). The strategy focuses on increasing industry's innovation and productivity through digitisation and the development of digital skills. In 2019, Cyprus still ranked 22<sup>nd</sup> out of the 28 EU Member States in the European Commission's Digital Economy and Society Index (DESI). Cyprus has improved in the areas of Connectivity, Use of internet services, Integration of digital technology and Digital public services, although it was still below the EU average. The 'Digital Strategy for Cyprus', which started in 2012 and was updated in 2015 and in 2018, was in line with the objectives and measures proposed in the Digital Agenda for Europe, and was expected to contribute substantially to the economic growth and productivity. The Ministry of Education and Culture (MoEC 2) placed a lot of emphasis on developing measures that can contribute to the acquisition of the necessary digital skills at all levels of education. The 'Cyprus national reform programme', which was published in 2015 and updated in April 2018, was also in line with the Commission's Annual Growth Survey. Additionally, the plans of the Ministry of Transport, Communications and Work (MoTCW) included the emerging technologies (i.e. Artificial Intelligence, high performance computing and blockchain) in the updated Digital Strategy. In January 2020, the government approved a national strategy on artificial intelligence (AI). To steer implementation of the strategy, Cyprus created a new Deputy Ministry of research, innovation and digital policy, established in March 2020. The Ministry has the overall responsibility for the digital policy and digital transformation of the country including e-government and research and innovation. In 2021 Cyprus ranked 21st amongst the 27 EU Member States based on the Digital Economy and Society Index (DESI). The newly established Deputy Ministry of Research, Innovation and Digital Policy (DMRID) was responsible for implementing the 'Digital Strategy for Cyprus (2020-2030)' which is expected to accelerate its digital transformation. The strategy, which was adopted in June 2020, was in line with the objectives proposed in the Commission Communication '2030 Digital Compass: The European way for the Digital Decade' strategy, and was expected to contribute substantially to economic growth and productivity. The Cyprus strategy aimed to (i) achieve the digital transformation of the public sector (e-government); (ii) promote the digital transformation of the private sector; (iii) facilitate high-speed network connectivity;



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(iv) promote an accessible and inclusive society that has the skills to embrace the national digital transformation; and (v) promote innovation in line with the country's level of digital maturity.

### **Forecasts and future developments**

To face these new challenges stated above the Cyprus government decided some actions that will take place in order to move to new digital era. Some of them are:

- Promotion of e-government as a part of its strategy, fostering a new economic model with a vision to become a dynamic and competitive economy, driven by research, scientific excellence, innovation and technological development.
- Upgrade infrastructure for connectivity with an aim to bridge divides and ensure an inclusive digital transformation. The goal is to ensure 5G and fiber coverage by 100% of the population living in organized communities.
- Dealing with this health crisis the government continued its structural reforms in order to run and implement this strategy of the digital transformation. To achieve this, they developed the Deputy Ministry of Research, Innovation and Digital Policy.

This Deputy Ministry has the responsibility to run and develop programs in order to run the digital transformation. Some programs that will lead to modernization of the internal state operation machine are the introduction of:

- A resource management system (ERP).
- Office automation system (eOASIS), to manage the public services mail.
- Central antivirus system, to protect the hardware and software of public sector.
- Unified government network, to centralize and upgrade telephone services in all dimensions.
- Expansion of the government information repository, upgrade and enriched with new features.
- Creation of a data center, unification of public sector IT departments.



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- Digitalization of services, a continuous development of new and improvement of existing services such as the social insurance payment (Labour and Social Insurance Ministry) and the digitalization of Tax Department.
- Optimization of government portal Ariadne, improvement of the existing system
- Modernization of Local Authorities e-government systems that will provide uniform electronic services to the citizens.

Also, the Ministry aims to improve other software systems that exist in the public services in order to complete the government's strategy. During the Covid-19 pandemic the Ministry had run, in cooperation with the National Health Organization, the Vaccination Program. Another action that is taking place is the introduction of digital ID with the development of digital signatures.

In addition to the above components there are digital projects which are related to other reforms such as:

- Digital transformation of courts
- Smart cities
- Reform of the Law service
- Modernizing public and local authorities
- Deployment of generic cross border eHealth services in Cyprus

## **1.2. National Framework of Digitilisation**

At the time of writing the report there is no specific legislation concerning digitalization in Cyprus. Cyprus has been a bit slow in implementing any legislation in regards to digitalization of the economy and this is addressed to many aspects of digitalization and not specifically on the aspect of digitalization dealing with the world of work in general.

In a recent publication in the Cyprus Mail, it has been noted that Cyprus was in trouble in regard to failing to deliver the benefits of EU digital legislation in the area of audio-visual media and telecommunications. It said the delay restricts choice and weakens protection for



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both businesses and consumers and gave two months to remedy the situation, otherwise, it may refer their cases to the EU Court of Justice.

Cyprus and other states are required to transpose into their national laws two new sets of rules: the Audio-Visual Media Services Directive and the European Electronic Communications Code, both of which are crucial for the EU's digital transition. Therefore, we can see that Cyprus is slow into the transition of the digital era and it is not moving quickly in adopting legislation for this transition.

Despite the delays and the not existence of specific regulation, there is discussion going on involving social partners and other stakeholders for the constitution of legislation that would regulate teleworking in Cyprus. The draft legislation that is being discussed is trying to regulate many aspects of teleworking such as the cost incurred by the employee during teleworking, issues relating to the employee's health and safety, the right to disconnect, the right of the employee for not being monitored amongst others. Moreover, the framework for telework that has been created in 2002 and has been dormant for many years, is drawing attention following the pandemic that has forced the need for teleworking and the discussion that is in place regarding the need for the creation of teleworking. In the beginning of the year (Feb 2021) the General Secretary of Cyprus Workers' Confederation has called on the social partners and especially the employers' sides to review the needs created from the use of teleworking during the pandemic and seize the opportunity to regulate the issue.

Besides this, the affiliated member of the EU social partners that have signed the EU Framework on digitalization are also of the opinion that this matter should also be regulated and become part of the collective bargaining agreements. Although there is no clear legislation in regards to digitalization and all the forms of employment associated with, it is clear that the discussion has been started which is something that can be termed as positive especially having in mind that no such terms ever existed in the discussion a couple of years before. Of course, all of these discussions revolving around the need to regulate



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digitalization pinpoint other regulation that make reference to other regulations in regards to digitalization that might have somehow go unnoticed.

The GDPR is placing a lot of pressure to the data protection and states that organisations also need to provide the individuals with the rights and requirements deriving from the fairness principle, which refers, for example, to the need for organisations deploying AI applications to be aware of implications that this deployment may have on individuals and their rights and freedoms but also on communities and societal groups.

Furthermore, and although it is indeed clear that no legislation exists, there are many aspects in place that somehow promote and try to regulate digitalization. The government has developed and implemented data protection legislation with adequate and co-ordinated levels of enforcement, addressing the development of fintech, retail, AI and digital health in order to ensure equivalent and adequate levels of protection and additionally, Cyprus recognises that digital transformation, boosting investment in scientific research and innovative entrepreneurship is the prospering of every citizen and company alike in a dynamic digital economy.

In Cyprus, the Institute for Research and Innovation supports innovative projects and research, by providing funding opportunities and overseeing the participation of research/innovation projects to domestic and international competitions. As of March 1 2020, the Cyprus government has been operating a Deputy Ministry of Research, Innovation and Digital Policy, as part of the Ministry of Finance, which was established in order to promote, guide and develop the digital transformation of Cyprus, while facilitating the operation of start-up businesses and supporting the Institute for Research and Innovation. In its strategic planning the Deputy Ministry is focusing on a number of strategies that are linked with digitalization and on the ministry's strategic enabler is referring to digital transformation.

The Ministry will try to ensure that necessary strategies, technologies, infrastructures, and skills for digital transformation of the economy are interlocked with the Research &



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Innovation ecosystem, as facilitating and enabling factors for knowledge sharing and innovation. The Digital transformation should mark a radical rethinking of how a company, an organization, the public sector, and the society uses technology, people and processes to radically change performance. Throughout this strategy enabler, the Ministry will be focusing on:

- Adoption of strategies such as the National Digital Strategy and E-Government Strategy;
- Focus on leading technologies, such as Artificial Intelligence (AI), Distributed Ledger Technologies (DLT), Big Data and Internet of Things (IoT);
- Support of infrastructures related to Electronic Communications and Information Technology;
- Development of skills and competencies required to support the fast pace in which technology is adopted in everyday life and the widespread disruption expected to occur in business models and the labour market within the next decade

In line with the Ministry's aim of developing the skills and competencies required, the Human Resource Development Authority in its research paper for the training needs of the economy in 2020 is placing a lot of importance in the enhancement of digital skills in the New Industrial Policy will help develop a flexible, "Smart" and technologically advanced industry with enhanced participation in GDP of the country, something that will help developing innovative products and services of high added value that will contribute to the sustainability and competitiveness of the Cypriot industry. The report also states that the return of the economy to growth rates and the growing need for digital transformation, creates prospects new jobs but it will also intensify the need for the acquisition of new and / or the upgrading of existing knowledge and skills. In its effort to support this digital transformation the Human Resources Development has developed 40 training programs for the acquisition of the knowledge needed.

Another current aspect that makes a lot of references to the digitalization of the economy and prioritizes amongst others, the digital transformation of the country is the Cyprus



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Recovery and Resilience Plan (2021-2026). The Cypriot plan is structured around the five policy areas: public health and civil protection; the green transition; economic resilience and competitiveness; The actions identified incorporate recommendations stemming from the new National Digital Strategy (June 2020), which aims to achieve the digital transformation of the public sector, promote the digital transformation of the private sector, and promote innovation in line with the Country's level of digital maturity. In all the components identified in the plan it is quite obvious that the digitalisation and digital transformation are quite apparent.

It is quite clear that Cyprus is lacking the digital aspect, something which is identified in the plan. In terms of digital transition, Cyprus ranks 24 out of the 28 EU Member States based on the 2020 edition of the European Commission's Digital Economy and Society Index (DESI). The latest available data (prior to the pandemic) shows that Cyprus has improved its scores on all DESI dimensions but mostly in terms of connectivity and use of the internet, although it still scores below the EU average. As a result, the RRP is a key means through which Cyprus will drive forward its digital transformation by devoting 23% of the estimated cost to digital objectives therefore complying with the draft RRF Regulation. The actions identified incorporate recommendations stemming from the new National Digital Strategy (June 2020), which aims to achieve the digital transformation of the public sector, promote the digital transformation of the private sector, and promote innovation in line with the Country's level of digital maturity. These actions are primarily included in the components under the Policy Axis 4 Towards a digital era.

- Component 4.1 Upgrade infrastructure for connectivity aims to bridge divides and ensure an inclusive digital transformation. Ensuring adequate access to communication infrastructures for all citizens is essential for the realisation of the opportunities of digital transformation. Specifically, it aims at ensuring 5G and fibre coverage for 100% of the population living in organised communities, including deployment of 5G along the main terrestrial corridors, and enabling universal and affordable access to Gigabit connectivity in all urban and rural areas, including 5G



and Gigabit connectivity, in line with the EU's 2025 5G and Gigabit connectivity objectives.

- Component 4.2 Promote e-government is a fundamental part of the overall policy and strategy of the Government for the digital transformation of Cyprus, fostering a new economic model with a vision to become a dynamic and competitive economy, driven by research, scientific excellence, innovation, technological development and entrepreneurship, and a regional hub in these fundamental areas. In addition to these two components there are digital projects which relate to other CSR/reform areas and appear under the corresponding axes/components – e.g. Digital Transformation of Courts, Smart Cities and Reform of the Law Service under Component 3.4 Modernizing public and local authorities, making justice more efficient and fighting corruption and Deployment of generic cross border eHealth services in Cyprus under Component 1.1 Resilient and Effective Health System, Enhanced Civil Protection.

As we have already analysed, Cyprus does not have any specific legislation in regards to digitalization. There are however a number of other efforts from governmental authorities, private institutions as well as other stakeholders that are placing a lot of their efforts for bringing digitalization to the society and the world of work with the aim of making the transition as smooth as possible and of course as soon as possible. The Cyprus government is fully aware of the need to transit the economy to the new digital era and it is by no surprise that the Deputy Ministry of Research and Innovation was created and it is of course by no surprise that more than 20% of the RRI will be allocated for the digital transition.

It is also worth noting that Cyprus government is planning to move up several gears to digitalise its economy, with a €283 million EU-backed recovery fund, while teaming up with Estonia, considered the champion of e-government and the president Anastasiades is planning to visit Estonia where the two countries will sign an updated Memorandum of Cooperation in e-government, information, and communication technologies. On the other



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hand, private institutions are fully aware of the importance of the fourth industrial revolution and are working into bringing it to the economy.

CyRIC is a regional network hub of research, innovation, business and industry organisations, utilizing state of the art infrastructure, in order to bring the fourth digital revolution in Cyprus by offering cutting-edge digital technology innovations and services to the manufacturing industry. It is therefore quite clear that all the issues that have been analysed would somehow need some sort of controls and monitoring, and it is our belief that the fact that once the importance of the digital transformation has been identified and efforts are been made to move to the fourth industrial revolution combined with the fact that the functioning and the monitoring of this digital transformation will indeed create the new in the very near future for the creation of the legislation to guide this digitalization era that Cyprus will be entering very shortly.

### **1.3. The Role of Social Partners**

#### **1.3.1. State of play on the main issues**

In Cyprus there is a strong tradition of bipartite and tripartite social dialogue which is deeply entrenched both in custom and practice, since the establishment of the Republic in 1960. The voluntary industrial relations system through which employers and trade unions negotiate freely on all matters relevant to the employment sphere, has secured industrial peace throughout the decades.<sup>1</sup>

The discussions, consultations and negotiations between employers and trade unions, are set out in the Industrial Relations Code (IRC), a Social Partner Agreement signed back in 1977. This agreement was concluded between the Cyprus Employers & Industrialists Federation (OEB), the Cyprus Workers Confederation (SEK), the Pancyprian Federation of Labour (PEO) and the Minister of Labour and Social Insurance. It recognises the right of

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<sup>1</sup> [http://www.mlsl.gov.cy/mlsi/dlr/dlr.nsf/historicalbckgsd\\_en/historicalbckgsd\\_en?opendocument](http://www.mlsl.gov.cy/mlsi/dlr/dlr.nsf/historicalbckgsd_en/historicalbckgsd_en?opendocument)



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employers and employees to organise freely and establishes procedures for the settlement of disputes arising from collective agreement negotiations. More specifically, the Code sets out the process to be followed when matters arise either through negotiating collective agreements or while interpreting such agreements and acknowledges a consultation process for matters of common understanding.

It follows from the extensive involvement role of Social Partners that their role in the adoption of the European Social Partners Autonomous Framework Agreements and its implementation on a national level, is not only important but also a prerequisite for a smooth transition. More specifically, two of these Agreements have been adopted through the joint signing of policy statements, namely the agreements on Work – Related Stress and Violence and Harassment at Work, exemplifying thus the collective commitment to improving the Cypriot workplace environments, making them free of violence, harassment and stress for all persons at work.

The Framework Agreements on Telework, Inclusive Labour Markets, Active Ageing and an Intergenerational Approach and Digitalisation have yet to be officially adopted.

The latest Framework Agreement on Digitalisation, signed by the European Social Partners in June 2020, sets out a partnership process between employers and employee representatives in order to achieve a smooth transition and successfully integrate digital technologies in the workplace. The main issues identified as key topics to be discussed during the process include the following:

- i. Skills.
- ii. Working conditions/work life balance/Health and Safety.
- iii. Work relations.
- iv. Work organisation.

In relation to the topic of skills, the relevant body in Cyprus is the Human Resource Development Authority (HRDAuth), the Governing Body of which consists of government



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representatives and representatives of employer organisations and trade unions. The Authority is funded by mandatory employer contributions which amount to 0.5% of the payable earnings of their employees and its mission is to create the prerequisites for planned and systematic training and development, through such programs, surveys and reports, of the human capital of Cyprus at all levels and in all areas so as to meet the needs of the economy.

The main tools of skills anticipation in Cyprus are the studies run by the HRDA which are used to predict future labour market needs. However, an important role is also played by the Ministry of Finance which collects and analyses information on the state of the national economy and proposes actions and legislative measures, the Ministry of Education and Culture which works on the development and implementation of educational policy and the Ministry of Labour, Welfare and Social Insurance which has responsibility for introducing employment and social policy measures.<sup>2</sup>

Through their participation in the HRDAuth, the role of Social Partners in monitoring the needs of the labour market and formulating training programs in the context of digital transformation is even more prominent. It is also noted that Social Partners also operate as training centres, providing specialised programs for their members.

While currently achieving significant results, it is crucial for Social Partners to take into account the rapid developments in the field of technology and promote the necessary investments for the training of employees in order to enrich their knowledge, expand their skills (especially digital skills) and remain productive in upskill as well as acquire new skills so that they can be employed in new jobs and in different sectors of economic activity in case the company in which they are employed suspends its activities (reskill). Employer organisations put forth claims that there is a lack of workers to cover current labour demands (September 2021) while trade unions insist on the improvement of terms and conditions of employment in some fields in order to become more attractive.

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<sup>2</sup> Cedefop (2017). Skills anticipation in Cyprus. Skills Panorama Analytical Highlights. [https://skillspanorama.cedefop.europa.eu/en/analytical\\_highlights/skills-anticipation-cyprus](https://skillspanorama.cedefop.europa.eu/en/analytical_highlights/skills-anticipation-cyprus)



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In relation to the topic of working conditions, a number of issues are dealt with through collective bargaining and the conclusion of collective agreements (such as working hours, time off, agreed paid leave periods etc) while other issues such as health and safety matters, are discussed by Social Partners at the Pancyprian Health and Safety Council that is the advisory body to the Minister of Labour, Welfare and Social Insurance.

Work relations deal with interpersonal relationships and with social interaction between employees themselves and between employees and the business, an area not touched upon by the Social Partners in Cyprus as a collective matter.

Lastly, work organisation is a more complex matter as it deals with internal company structures, organigrams and systems. This topic, according to the IRC, falls under the topic of matters of common understanding, where the two sides are obligated to discuss, but the decision remains as an employer prerogative. In some cases, however, through negotiations, the organigrams and other structures have been added as addendums to the collective agreements thus making them negotiable. In these cases, the involvement of Social Partners is catalytic as they can only be amended through agreements.

### *Challenges and opportunities*

The Framework Agreement sets out in its introduction the challenges and opportunities and more specifically, 'The digital transformation brings clear benefits for employers, workers and jobseekers alike, in terms of new job opportunities, increased productivity, improvements in working conditions and new ways of organising work and improved quality of services and products. Overall, with the right strategies, it can lead to employment growth and job retention. The transition also comes with challenges and risks for workers and enterprises, as some tasks will disappear and many others will change. This requires the



anticipation of change, the delivery of skills needed for workers and enterprises to succeed in the digital age. Others include work organisation and working conditions, work life balance and accessibility of technology, including infrastructure, across the economy and regions. Specific approaches are also needed for SMEs to embrace digitalisation in a way that is tailored to their specific circumstances.<sup>3</sup>

In light of the above, examples of the challenges and opportunities faced by social dialogue in relation to the digital transformation in the workplace include:

- i. managing new employment opportunities Vs jobs that will be lost,
- ii. tackling with new forms of work that are thus far unknown and unconventional,
- iii. setting the training needs of the future to keep people employable,
- iv. assisting SMEs in the transition era especially at company level,
- v. maintaining productivity and safeguarding work – life balance,
- vi. dealing with health and safety issues that may arise.

Digitalisation is a process that will create employment opportunities and stipulate growth. It is undoubted that the introduction of new technology will render some traditional job positions void, thus leading to number of employees becoming redundant. The role of Social Partners will be to predict and assess the impact in time so as to find mutually accepted solutions to lessen the problem. It is necessary for the Social Partners to be trained sufficiently in order to be able to identify the challenges and have the capacity to manage them. Understanding new fields of economic activity and technology, will enable employer representatives and Trade Unions to better manage the changes.

Relevant research should be carried out and disseminated in order to raise awareness on the impact of technology. The research should first deal with an overview of workplace realities, then an assessment of how digitalisation falls in and then a check list of actions and follow up steps to be taken. Forming the guiding principles to approach the issue, will assist Social Partners in the process.

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<sup>3</sup> Framework Agreement on Digitilisation, European Social Partners, June 2020, page 3



Towards this end, Social Partner Capacity Building programs and funding are considered a priority for Cyprus. It is noteworthy that Eurofound defines 'capacity building' as 'the enhancement of the skills, abilities and powers of social partners to engage effectively at different levels (EU, national, regional, sectoral, company and establishment) in the following industrial relations processes: social dialogue, collective bargaining, (co-)regulating the employment relationship, tripartite and bipartite consultations, public policymaking and influencing public policymaking via advocacy<sup>4</sup>, exemplifying the wide spectrum of Social Partner activities, engagement and role.

New forms of employment have always been a controversial topic for the social dialogue agenda in Cyprus as trade unions have always been sceptical about flexible forms of employment. This has changed during the Covid-19 pandemic as a large number of employees were forced into telework in order to preserve public health. According to Eurostat, prior to the crisis, only 1,2% of Cypriots were working mostly from home.<sup>5</sup> Although there are no data on telework after 2020, it is acknowledged by all that the percentage of teleworkers has risen to unprecedented levels.

The sudden push into telework and its emergence as a needed form of employment, has forced the Social Partners to look into it more carefully so as to understand it better and take any measures necessary to adjust it to the real needs of both sides and normalise it. The challenges with the digital transformation will be to go through the process of evaluating new forms of employment as they arise and find ways to enable them and make them work.

In the area of setting the training needs for the future to keep people employable, the most important role will be that of the HRDauth as analysed previously. As the Framework Agreement sets out at the beginning of the relevant chapter, 'the main objective is to prepare our current and future workforce and enterprises with the appropriate skills by continuous learning, to reap the real opportunities and deal with the challenges of the digital

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<sup>4</sup> <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/capacity-building>

<sup>5</sup> [https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa\\_ehomp](https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_ehomp)



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transformation in the world of work'.<sup>6</sup> Thus, any strategies designed will need to maintain their flexibility and reviewed on a frequent basis so as to keep them aligned with the real needs of the labour market. Social Partners should prioritise matters related to training, re-skilling and up-skilling to ensure all persons remain active and in employment. They should also aim under each review, to precisely identify the needs so that there is an actual return on the training investments made. A personalised approach should not be excluded from the agenda for people who want to follow specific paths.

According to the Cyprus Statistical Service, in 2019, 94.9% of businesses employed up to 9 persons, 4.3% employed 10 – 49 persons, 0.7% employed 50 -249 persons and a mere 0.1% employed more than 250 persons.<sup>7</sup> These demographics pose a certain challenge for the role of Social Partners as the largest number of companies are small and family owned and the impact can be abrupt and dispersed and not easily detected and managed. Also, due to company sizes, the cost, both monetary and in practice, of digitalisation is expected to be higher. Hence, the support to SMEs must be specific and targeted.

In addition to the challenges above, the topics of productivity, work life balance and health and safety are all intertwined and Social Partners, when engaging in related discussions and negotiations, will need to look into the entirety of the matters in order to achieve better results. Especially on health and safety, Social Partners will need to revisit the issue of work – related stress under the new situation. It must also be mentioned that modalities of connecting and disconnecting, as set in chapter 2 of the Framework Agreement, are can apply to health and safety of the challenges analysed in this section. This topic is expected to be the most significant challenge for the Social Partners that will have to work within the current legal framework and find the necessary solutions.

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<sup>6</sup> Framework Agreement on Digitalisation, European Social Partners, June 2020, page 8

<sup>7</sup>[https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/E840E495B5E74D02C225863B0037986C/\\$file/Business\\_Register-2019-EN-161220.pdf?OpenElement](https://www.mof.gov.cy/mof/cystat/statistics.nsf/All/E840E495B5E74D02C225863B0037986C/$file/Business_Register-2019-EN-161220.pdf?OpenElement)



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A major challenge will also be to assess the impact on men and women and promote solutions and ideas that do not hinder gender equality as protected through the different laws and directives.

Lastly, the Framework Agreement also deals with the issue of artificial intelligence and the human in control principle and the respect of human dignity and surveillance, matters that the Social Partners in Cyprus need further assistance in understanding as they go further than the normal issues that are dealt with as matters of the workplace.

### ***1.3.2. Examples of good practice***

In Cyprus and thus far, examples of the impact of the digital transformation on work include the media sector and most specifically the shift from printed newspaper/magazines to digital editions. This shift has caused a number of job positions to become redundant with employers and trade unions involved in the discussions with the aim to mitigate the impact on employment. At the same time, the digital opportunities led to the creation of new positions in the sector as a number of online news agencies have been formed and with a good practice example being the creation of Digital Tv, a channel that transmits its content only digitally.<sup>8</sup> The channel has created job positions

Another case where Social Partners were called in to deal with the result of the introduction of new technology, was in the Public Transport company. The company upgraded the fleet of buses in an attempt to provide better services and as a result a lot of drivers needed new training in order to be able to continue to perform their duties. The employer agreed with the trade unions to cover the cost for the training and any drivers that failed to successfully complete it to be trained for other positions in the company. Other concerns raised by the unions and discussed included the concerns expressed by some employees that the company would cancel or merge some routes due to the new buses, making employees

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<sup>8</sup> <https://digitaltv.com.cy/>



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redundant. The company agreed to safeguard all job positions despite the introduction of new technology.

Various other positive examples where digitalisation impacted the workplace exist, such as a beauty product company that created online sales, without cancelling physical stores, and thus raised new jobs in IT, marketing and logistics (warehouses and delivery drivers). The same applies for a large number of companies in the catering sector that increased their online sales thus creating more jobs.

## **2. Empirical Survey and the methodology**

### **2.1. Introduction and the methodology**

The online surveys and expert interviews were conducted by the Cyprus Employers & Industrialists Federation (OEB) and the Cyprus Workers Confederation (SEK) respectively. The two organisations held a meeting prior to the commencement of the second stage of the research so as to coordinate their actions. The steps analysed below were agreed.

SEK and OEB agreed to disseminate the questionnaires developed by the research team of the TransFormWork VS/2021/0014 with a target group that would cover a broad range of economic activities and job positions so as to better understand the impact of digitalisation on the whole economy and have a more representative sample of responses.

Due to the COVID – 19 pandemic and the restrictions imposed in the labour market through the protocols adopted with the aim to safeguard public health (e.g., compulsory telework, reduced number of persons in physical meetings per square meter etc), the two organisations decided to disseminate the questionnaires online and hold limited expert interviews for a better understanding of some topics and points of views and/or interviews for clarifications on already given answers. OEB and SEK both faced challenges with questionnaires not fully completed or not completed correctly.



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The two organisations monitored closely the incoming replies so as to make sure the desired responses were achieved and were constantly in contact to verify that the targets agreed would be met.

The results of the surveys and the interviews are analysed below:

## **2.2. Social Partner Representatives Questionnaires – Employers**

A total number of 5 replies were given by Employer Organisations (EOs). Out of the respondents, 80% were national cross – country organizations and 20% were a sectoral/branch organisation.

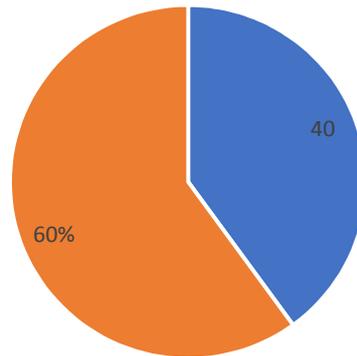
### ***Digital skills and securing employment***

The responses to the question on how do national/ cross-industry/ sector level social partners address the need of upskilling/ reskilling workers/ employees so that digital challenges can be mitigated, the EOs responded the following:

- Recognising and addressing the challenges
- Use of technology for training purposes
- Working closely with relevant government bodies
- Skilling and upskilling
- Implementation of Digitalisation Agreement

On whether cross-industry/sector level social partners in Cyprus have been consulted or involved in the adoption of the measures (list provided), EOs responses were:

Have cross-industry/sector level social partners in Cyprus been consulted or involved in the adoption of the measures



- national training funds/sectoral training funds
- competence development plans in the system of vocational training

EOs also replied that no consultation took place for quotas for learning accounts within the enterprises or voucher schemes as these were not applicable in the case of Cyprus.

On whether national/sector level collective agreements address the digital transformation of the enterprise and envisage training opportunities for employees/ workers, 50% of EOs replied positively.

In the question about cross-industry/sector level social partners having their own training institutions/ vocational centers and/or provide trainings to affiliated members and or provide trainings on digital skills, 75% of EOs replied positively.

An 80% of EOs replied positively when asked if they respond to the need to motivate staff to take part in training (e.g. support enterprises in their efforts to set up skills plans; encourage enterprises to introduce digital transformation strategies in a partnership approach; mobilising the workforce's positive attitude to change).



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### ***Modalities of connecting and disconnecting***

When asked whether national/ cross-industry/sector level social partners address the issue of respecting working time rules and teleworking and mobile work rules, EOs responded with the following:

- There are currently tripartite ongoing discussions on a draft legislation on telework which is expected to be adopted within 2022.
- There are frequent tripartite discussions on the Working time law that aim to make improvements if deemed necessary.
- Through Collective Bargaining there are discussions on how to link telework and mobile work with benefits and other arrangements.
- Due to the impact of the pandemic, there are multiple company level discussions on how to regulate, at the enterprise level, these issues.

EOs specified that their participation in campaign activities were limited only on workload arrangements and occupational safety and health (OSH) while on the question on whether they provide guidance and information to their members on how to observe working time rules with respect to “the right to disconnect”, they registered that this is done mostly through seminars and dissemination of information.

### ***Artificial Intelligence (AI) and guaranteeing the human in control principle***

On whether their organisations have agreements based on common principals or guidelines, related to the deployment of Artificial Intelligence (AI) systems at the enterprise level, in order to assist their members and to ensure it is lawful, fair, transparent, safe, and secure, all EOs replied negatively.



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Furthermore, only one organisation replied that it has undertaken initiatives to assess the impact, including the risks from the adoption of AI in enterprises and they referred to the implementation of the Framework Agreement

All EOs mentioned that they did not have collective agreements on the use of AI systems controlling human-resource procedures, such as recruitment, evaluation, promotion and dismissal.

### ***Respect of human dignity and surveillance***

All EOs also replied negatively to the question whether their organisations have guidelines, by means of collective agreements, setting out specific rules to ensure the protection of the rights and freedom with regards to the processing of personal data of employees in the context of employment relationships.

### **Social Partner Representatives Questionnaires – Employees**

The analysis of the social partners was finalized in the end of March 2022, and it has incorporated the responses from the following General Secretaries representing the Federations of:

- Hotel and Catering Employees
- Transport, Petroleum and Agriculture Workers
- Semi-Governmental Organizations
- Public Service Employees of Cyprus
- Manufacturing Employees of Cyprus
- Construction Employees of Cyprus
- Private Sector Employees

Moreover, the Cyprus Workers Confederation-SEK, was represented via the responses of the General Secretary of SEK.



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The analysis was divided into four pillars and all of them were analyzed. The four pillars analyzed throughout the questionnaire dealt with the following:

- Digital skills and securing employment
- Modalities of connecting and disconnecting
- Artificial Intelligence (AI) and guaranteeing the human in control principle
- Respect of human dignity and surveillance

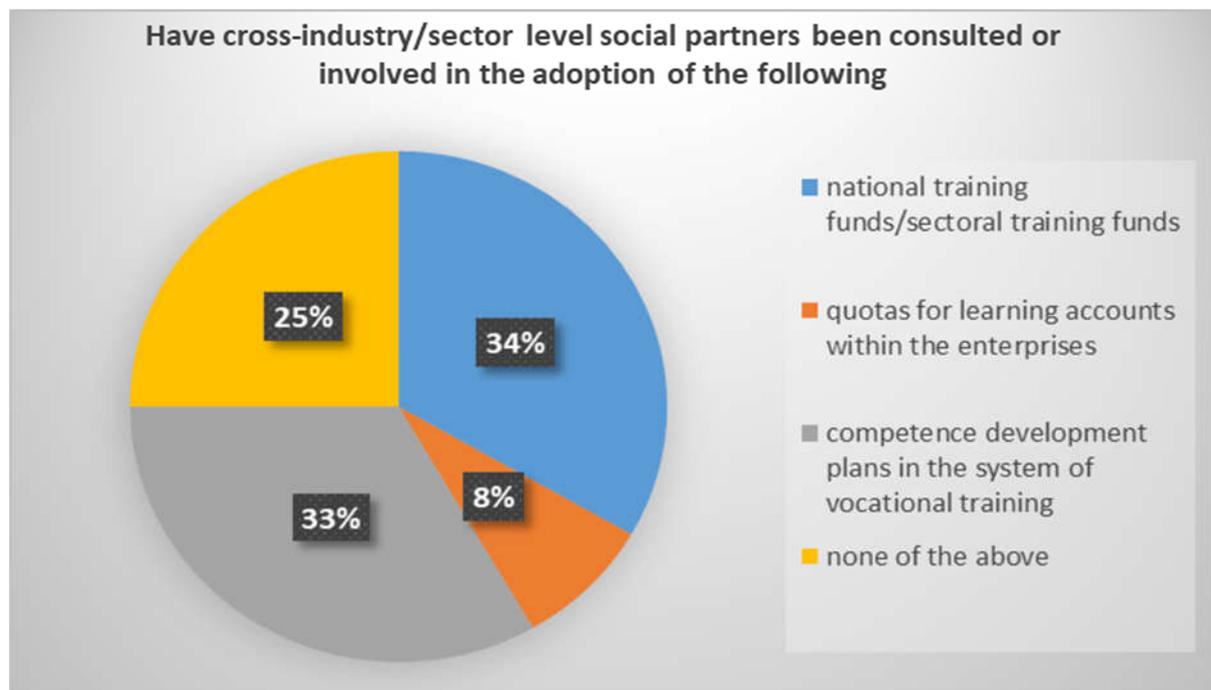
### ***Digital skills and securing employment***

From the responses we have received and depending on the Federations responding, the answers differentiate. On one hand, the respondents from the Governmental and Private sector employees have not responded in regard to how do the sector level social partners address the need of upskilling/reskilling of workers/employees so that digital challenges can be mitigated. The only exception here was the federation of semi-governmental and manufacturing workers, which responded with references to systems of upskilling and reskilling being introduced. This however might be related with the fact that both federations operate under intense competition, on the one hand the manufacturing sector has invested a lot of money so as to be up to date with current technological advancements and therefore is obvious to train their employees so as to fully utilize this technology. On the other hand, the semi-governmental organisations will need to become more efficient and productive in order to be economically viable, therefore they are also forced to be in line with new technological advancements and in order to fully utilize the capacity of these technologies they will also need to train and upskill their employees.

From the confederation perspective we see from the responses received that there are measures in place in a long run perspective in regard to the reskilling and upskilling of employees, since the suggested measures referred to included ones in the resilience and recovery plan of Cyprus and also the implementation of Framework Agreement on

Digitalisation which is under discussion for implementation and where measures to tackle the upskilling and reskilling of employees.

From the data provided and as we can see from the pie chart in the majority of cases, 66% the social partners have been consulted in regard to the adoption of measures for digitalization of employees. The federations of Transportation, Construction and Hotel and Catering stated an no such involvement has occurred.



In the majority of cases and in fact in 6 out of the 8 responses, it is indicated that the collective agreements at the national and sectoral level do not envisage any training opportunities for employees in regard to the digital transformation. The only exception where such reference is made is in the cases of the Governmental Federation and Semi-Governmental Federation.

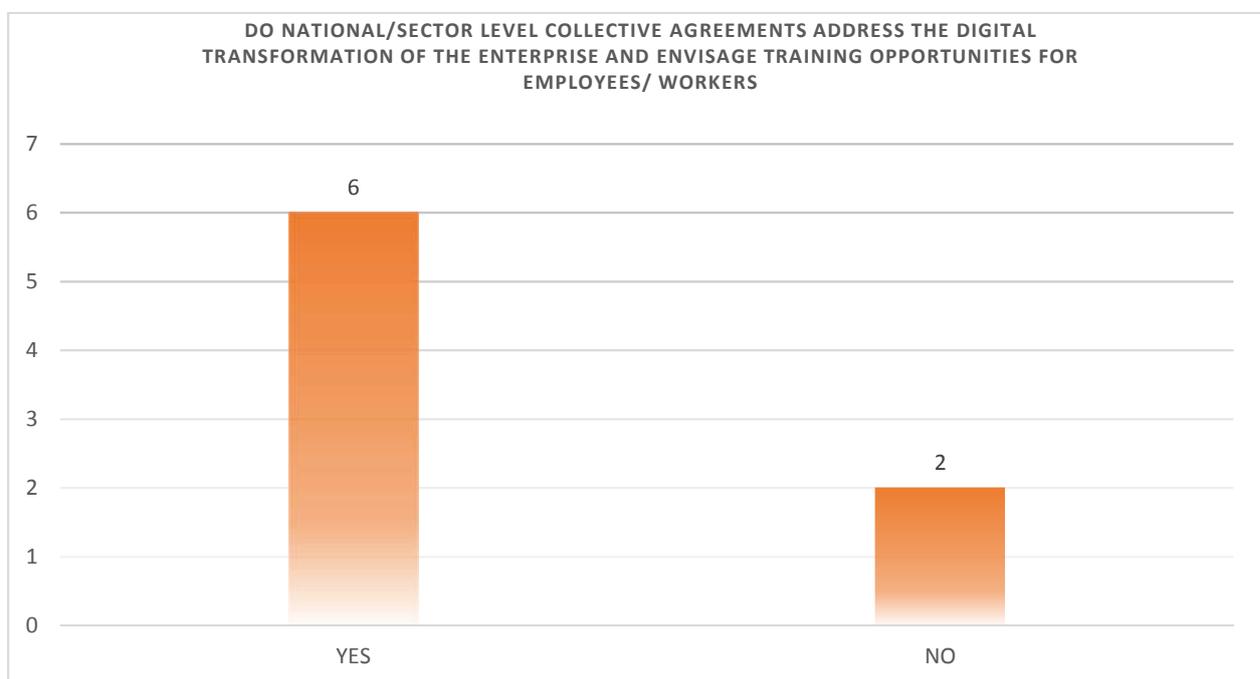
From the responses of the Federations that have responded Yes, it was stated that this was achieved via seminars and via specific reference in the collective agreements stating how employees will be training in regard to digital skills. It is the researchers perspective that these federations might have managed to implement such agreements in their collective



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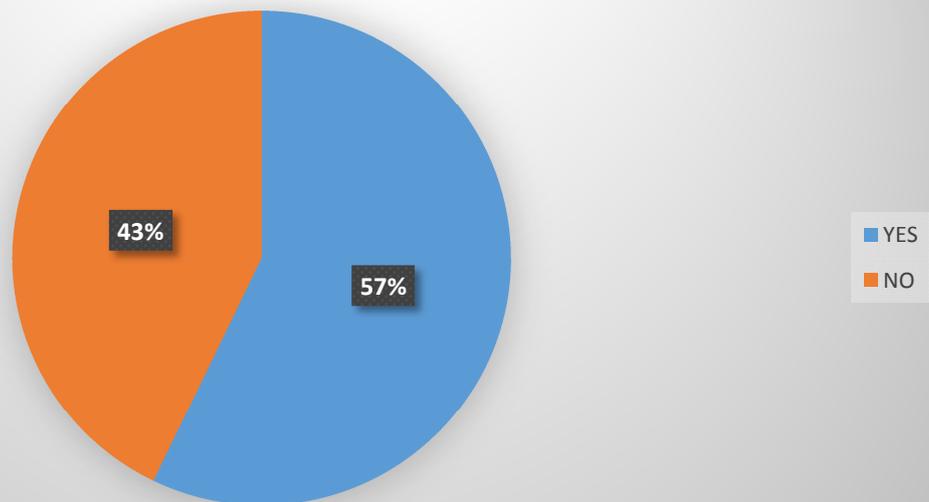
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agreements due to the fact that they operate in a highly regulated environment and they have strong union density which allows them to implement certain changes rather quickly, whereas the rest of the federations that operate in the private sector have not been able to implement such measures since these will need extensive negotiations and perhaps a legislation or an agreement like the framework agreement on digitalization which has not been signed yet at the level of the Confederation and the Employers Federation.



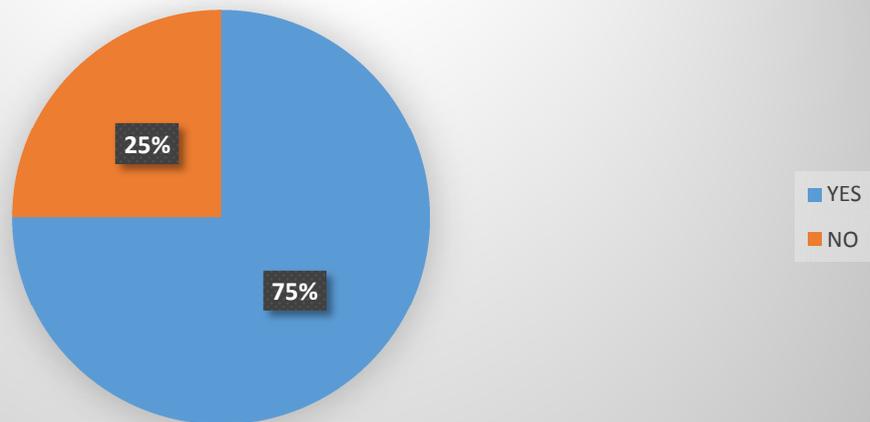
The responses regarding to whether the social partners have their own training institutions/vocational centers are divided with 43% of the respondents stating they do not have and 57% stating they do. Most of the respondents state the Confederation has its own training school where training and seminars are provided, and which is of course true. One the respondents states that the Construction Federation has its own training facility which is both a training institution/vocational center. If we are looking for both institutions i.e., both a training and a vocational institution, then in reality only the Constructors Federation has it. If we are looking for any of the two, then for sure all the Federations are covered by the Training School which operates within the Confederation and somehow the respondents misunderstood the question that both should be present and responded no.

Do cross-industry/ sector level social partners have their own training institutions/ vocational centers? Do they provide trainings to affiliated members? Do they provide trainings on digital skills?



The majority of the respondents stated that they respond to the need to motivate staff to take part in training i.e., support enterprises in their efforts to set up skills plans; encourage enterprises to introduce digital transformation strategies in a partnership approach; mobilising the workforce's positive attitude to change (with a percentage of 75%, whereas only 25% stated they do not deal with these being the Transportation and Hotel and Catering Federation). From the respondents that stated yes, there is no clear response in stating how this is done.

Do you respond to the need to motivate staff to take part in training? (e.g. support enterprises in their efforts to set up skills plans; encourage enterprises to introduce digital transformation strategies in a partnership approach; mobilising the workforce)



### ***Modalities of connecting and disconnecting***

Based on the responses received it is quite obvious that teleworking is evident within the workplace coupled with the fact that it has been accelerated from the covid-19 pandemic and it is clear that national/sectoral level social partners try to address the issue of respecting working time rules and teleworking and mobile work rules and their efforts are solely based on the implementation of the Framework Agreement that has not been implemented for many years, although at this point the respondents see the need for its immediate implementation. In regard to the Semi-governmental Federation, it seems that they are trying to regulate teleworking through each and every one of the collective agreements they have in place with all the semi-governmental organization taking into account the realities for each organization.

It seems that the majority of the social partners (close to 90%) are currently participating in campaigns activities concerning the establishment of:

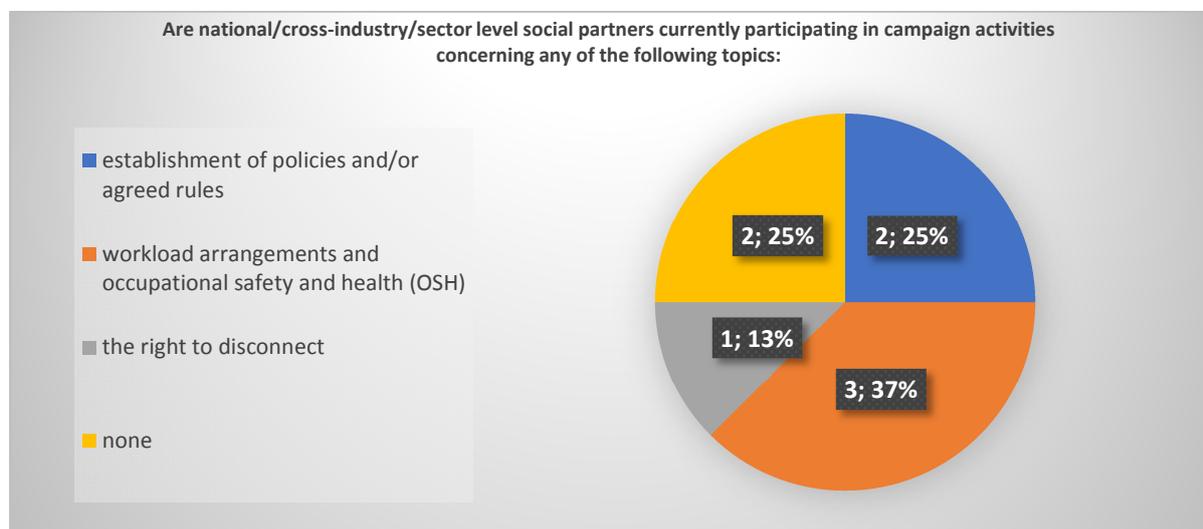
- policies and/or agreed rules on the use of digital tools for private purposes during working time
- workload arrangements and occupational safety and health (OSH)
- the right to disconnect



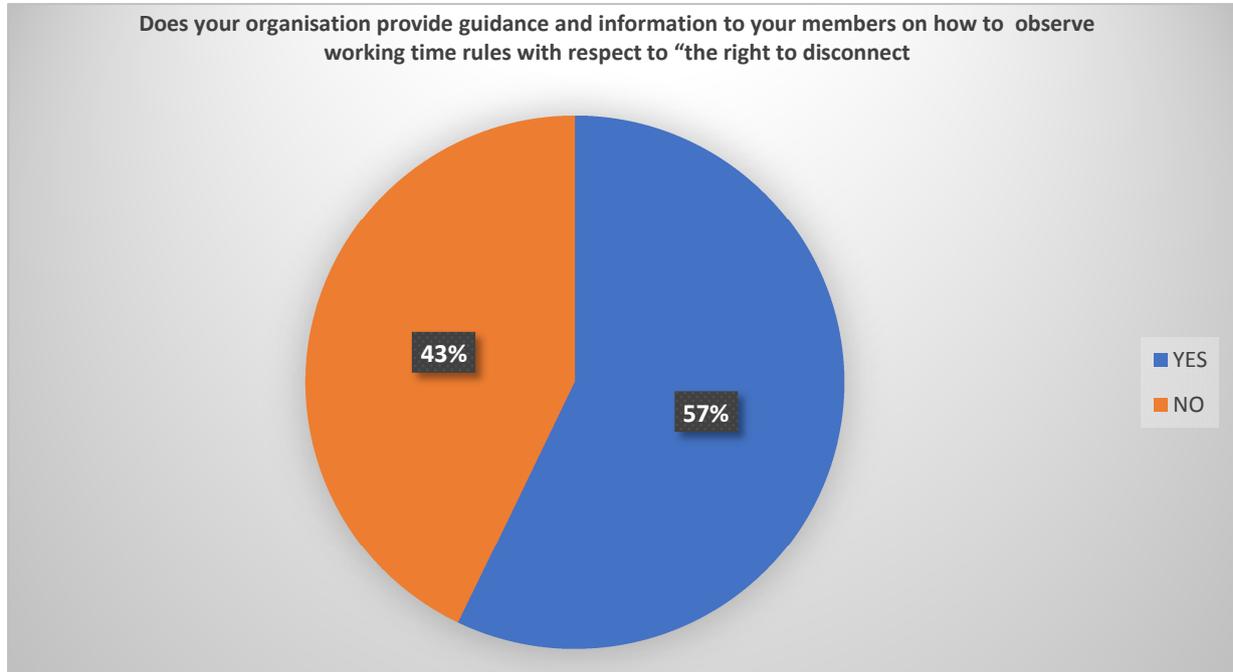
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Once again in the Hotel and Catering sector nothing is being implemented. Also, we can see that the social partners coming from the Federations side have as priority to deal with hands on issues that affect the workplace such as policies and/or agreed rules on the use of digital tools for private purposes during working time and workload arrangements and occupational safety and health (OSH), whereas the Confederation is dealing with the discussion of laying down the overall policy of the right to disconnect within the economy and the workplace in general.



In more than 50% of the responses the trade unions provide guidance to their members on how to observe working time rules and this is done mainly through the provision of seminars. Once again in the Federations of Construction, Transportation and Hotel and Catering this is not implemented.



### ***Artificial Intelligence (AI) and guaranteeing the human in control principle***

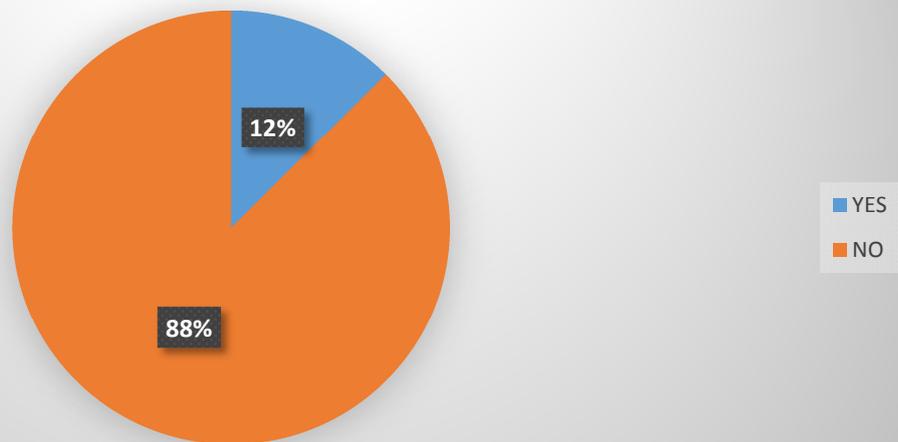
With the exception of the Semi-governmental Federation which operates in a highly regulated environment as we have already mentioned before, for the remaining majority, almost 90%, there are no agreements based on common principles or guidelines, related to the deployment of Artificial Intelligence (AI) systems at the enterprise level, in order to assist the trade union members and to ensure it is lawful, fair, transparent, safe, and secure.



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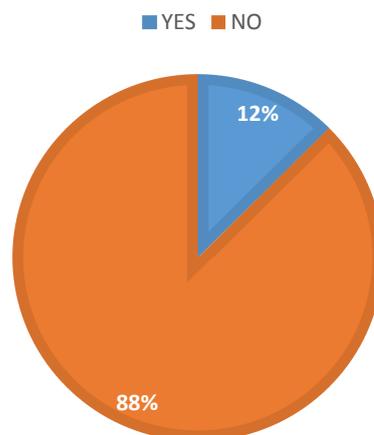
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Does your organisation have agreements based on common principals or guidelines, related to the deployment of Artificial Intelligence (AI) systems



The same situation applies in regard to whether initiatives have been undertaken to assess the impact including the risks from the adoption of AI in enterprises. Only in the case of Semi-governmental via agreements with the organizations, these impacts and risks have been tried to be identified.

HAS YOUR ORGANISATION UNDERTAKEN INITIATIVES TO ASSESS THE IMPACT, INCLUDING THE RISKS FROM THE ADOPTION OF AI IN ENTERPRISES





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In none of the cases from the responses there is a collective agreement on the use of AI systems controlling human-resource procedures, such as recruitment, evaluation, promotion and dismissal.

### ***Respect of human dignity and surveillance***

Finally, it seems that in some cases there are guidelines, by means of collective agreements, setting out specific rules to ensure the protection of the rights and freedom with regards to the processing of personal data of employees in the context of employment relationships. Such guidelines are evident in the more regulated environments of the governmental and semi-governmental sectors and on behalf of the Confederation on the basis of policy initiation and in the Construction Federation where a sectoral collective agreement exists. In the rest of the Federations where they operate under more competitive environments, guided by numerous collective agreements both in size and scope, such guidelines it seems are not evident.

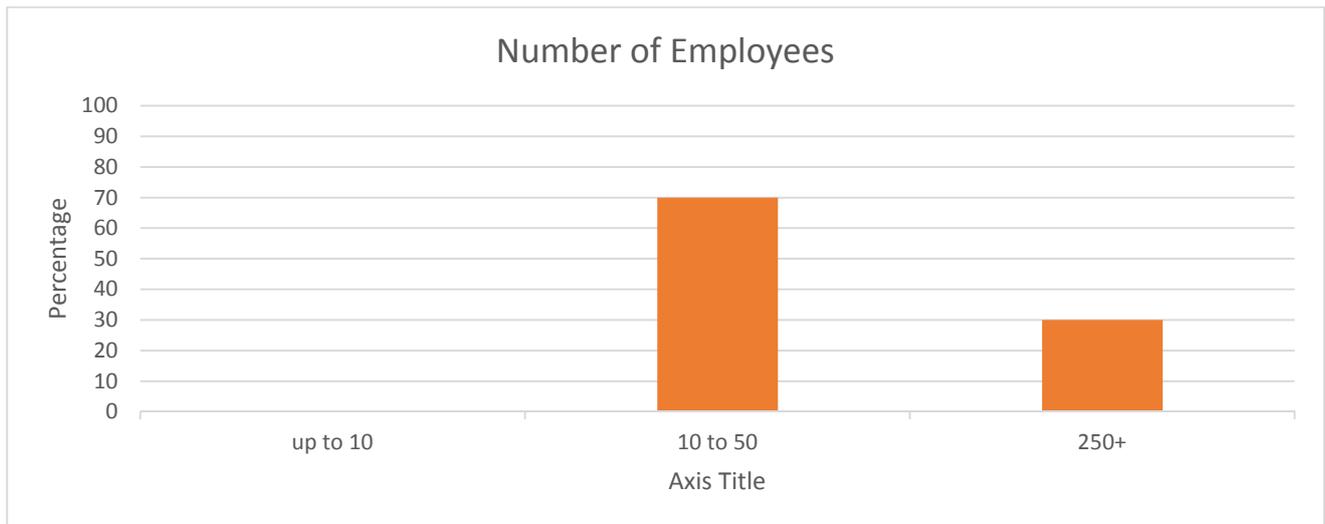
### **2.3. HR manager:**

The respondents to the HR manager/Line production managers/Data protection officers' questionnaires totaled a number of 29 replies and covered a wide range of economic activities. More specifically, the sectors of economic activity covered included:

- Construction
- Services
- Manufacturing Industry
- Retail
- Commerce
- Health
- Shipping
- Education
- Restaurants



From the replies, the size of the companies represented in terms of employee numbers were:



The total number of employees in absolute numbers, covered by the companies of the respondents were 6158 and in 55% of the companies there was Trade Union representation. Where Trade Unions were active, the density of their involvement varied but it is noteworthy to mention that in port activities, construction, industry, services and education the percentage of unionised employees was over 80% while in manufacturing, commerce and other shipping activities, the percentage was below 25%.

In terms of collective bargaining agreements, these only existed in 46% of the companies and out of all Collective Agreements only one included provisions on digitalisation. The respondent in this case specified that the provisions relate to training, the right to disconnect and the respect of human dignity and supervision.

### ***Digital skills and securing employment***

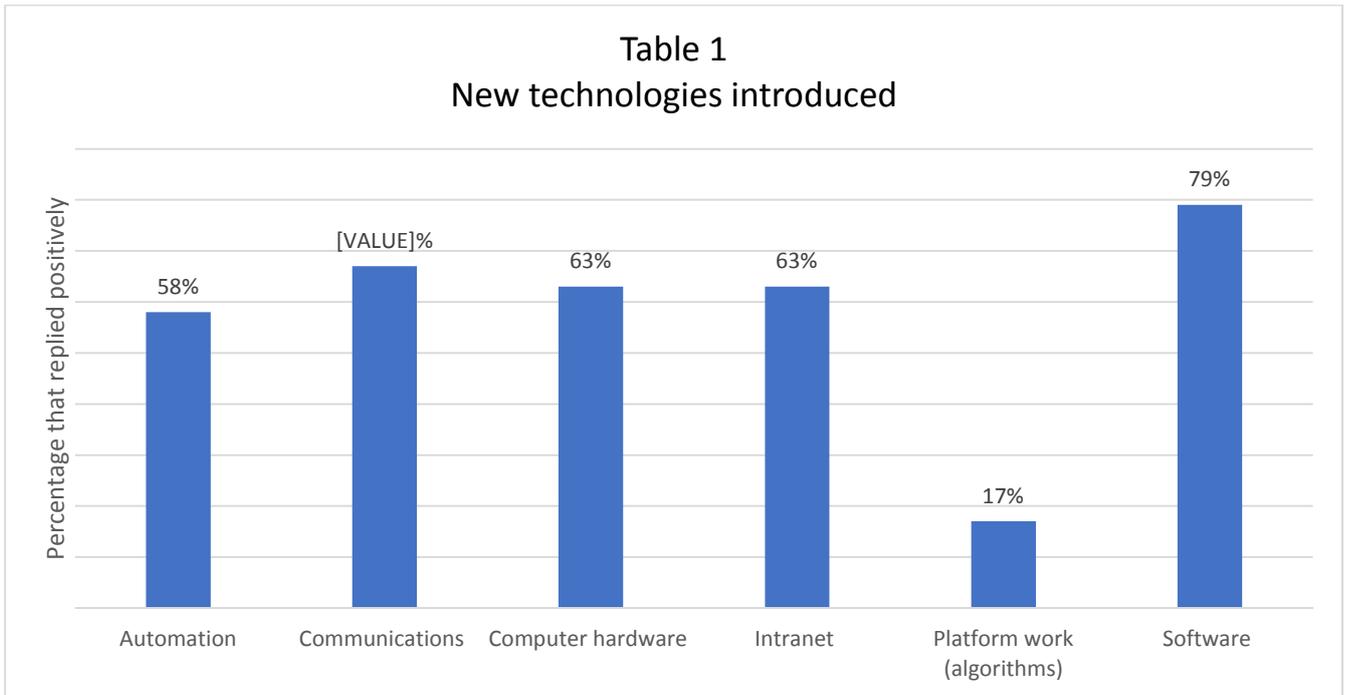
A majority of 54% of the companies stated that they have a digital strategy in place while 87% of the companies have introduced new technology in the last five years. Out of the



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companies that introduced new technology, 85% mentioned that these referred to the categories seen in Table 1 below.

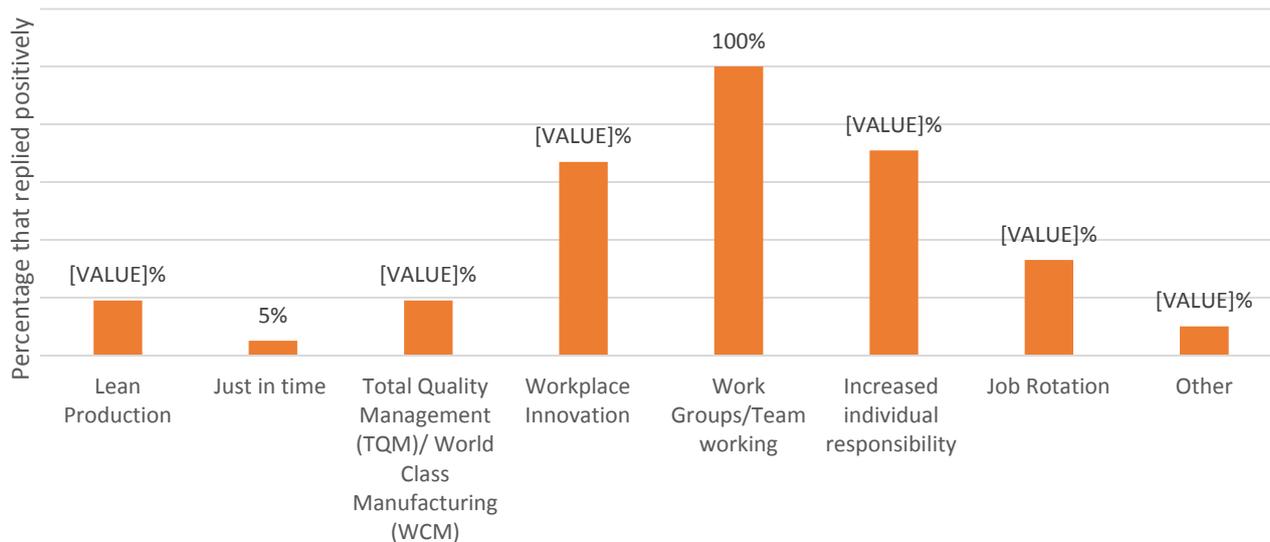


Out of all the respondents, 72% replied that there were changes but failed to specify in which areas.

Furthermore, the introduction of new technology in 70% of the respondents led to the introduction both of new forms of production systems and changes in the organisation of work in their companies and more specifically in the areas seen in Table 2 below:



**Table 2**  
**Did the new technology lead to changes?**



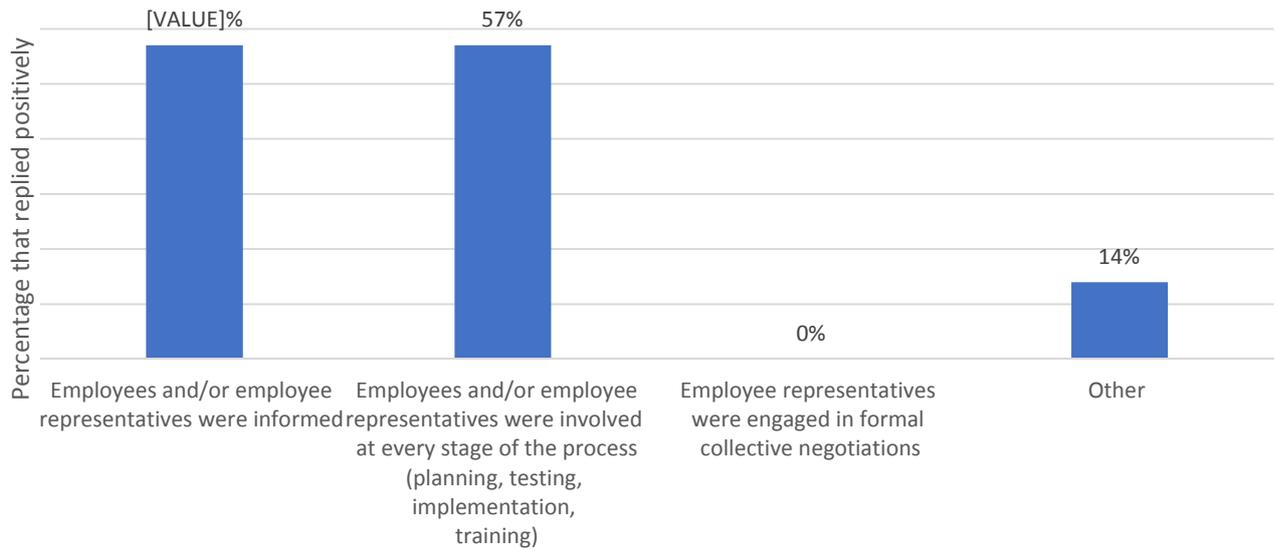
It is noted that when asked to specify what constituted 'other changes', redundancies were amongst the answers.

A mere 3% of the respondents answered positively to the question whether employment contracts were changed due to the introduction of new technology. It remained however unspecified whether these changes were positive or negative or neutral as only one person who replied positively specified that the contracts were improved.

In terms of the employee and/or employee representatives' involvement in the processes that were followed for the changes caused due to the introduction of new technology, the positive replies were as seen in Table 3 below:

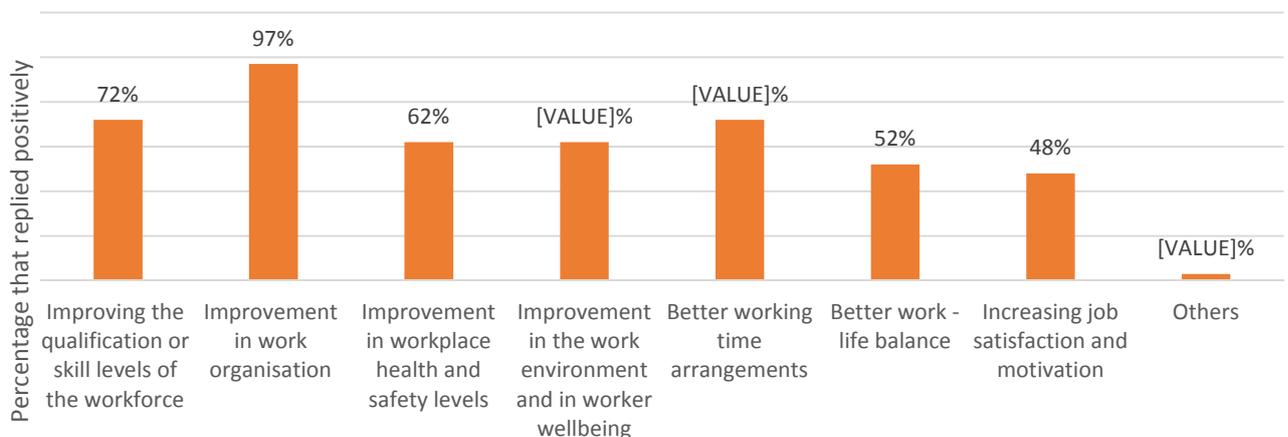


**Table 3**  
**Employee and/or employee representatives' involvement**



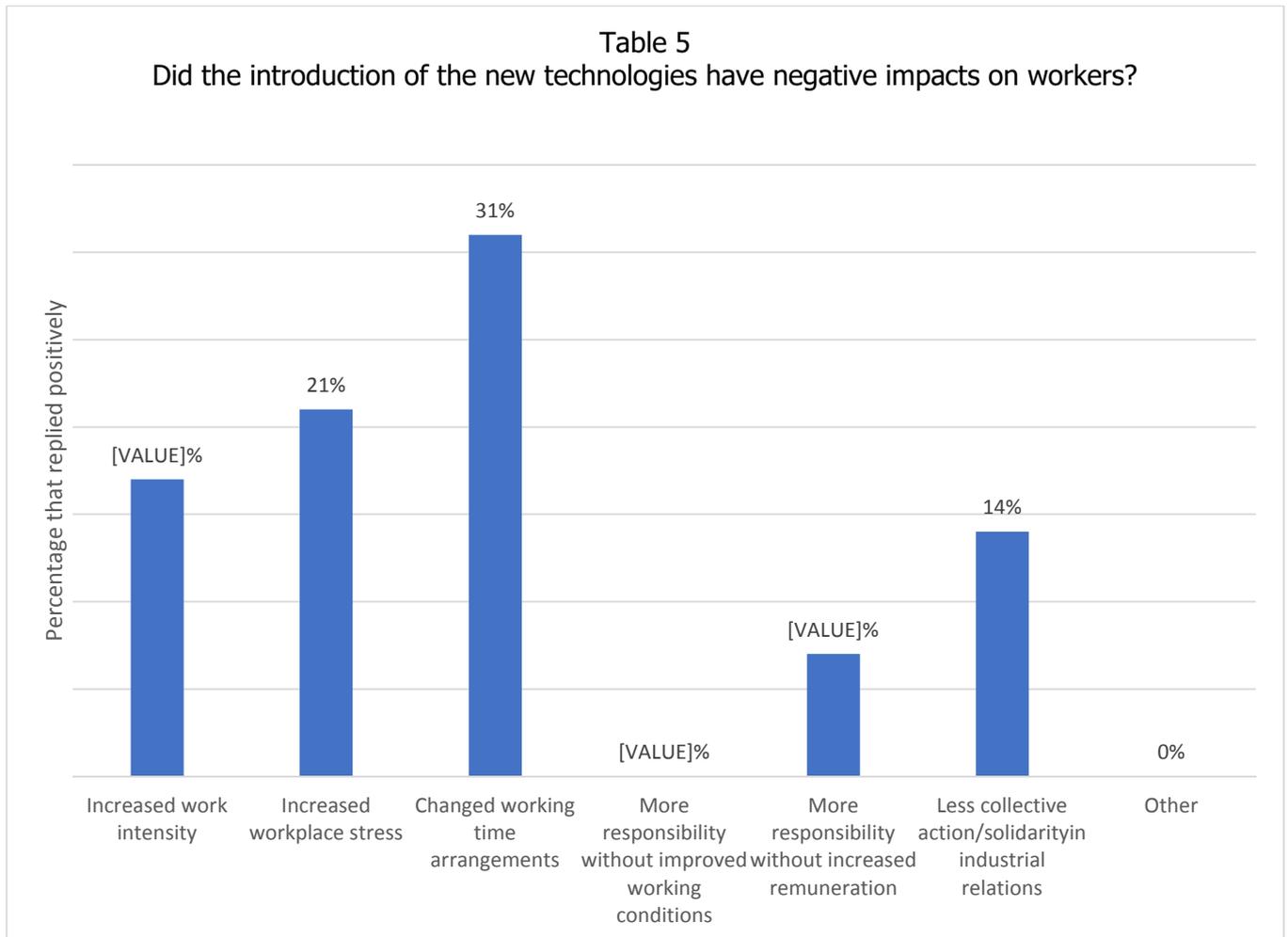
When asked whether the introduction of the new technologies resulted in changes to the organisation of work, the replies were as seen in Table 4 below. It is noted that amongst other reasons, the quick processing of annual leave claims was registered

**Table 4**  
**The introduction of new technologies resulted in changes in organisation of work**





In terms of the negative impact on workers, the respondents registered the following:



Only 6% of the respondents registered that the introduction of technology brought changes to remuneration without however specifying whether the changes were positive or negative.

In terms of training, 83% of the respondents mentioned that there are procedures in place in their places of work that allow managers and workers to report the kind of training they would like to participate in.



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At the same time, 97% of the respondents replied positively when asked whether the introduction of new technologies at the workplace is accompanied by relevant training while 87% of the respondents also replied positively to the question whether introduction of new technologies or the process of digitisation at the workplace is accompanied with related training.

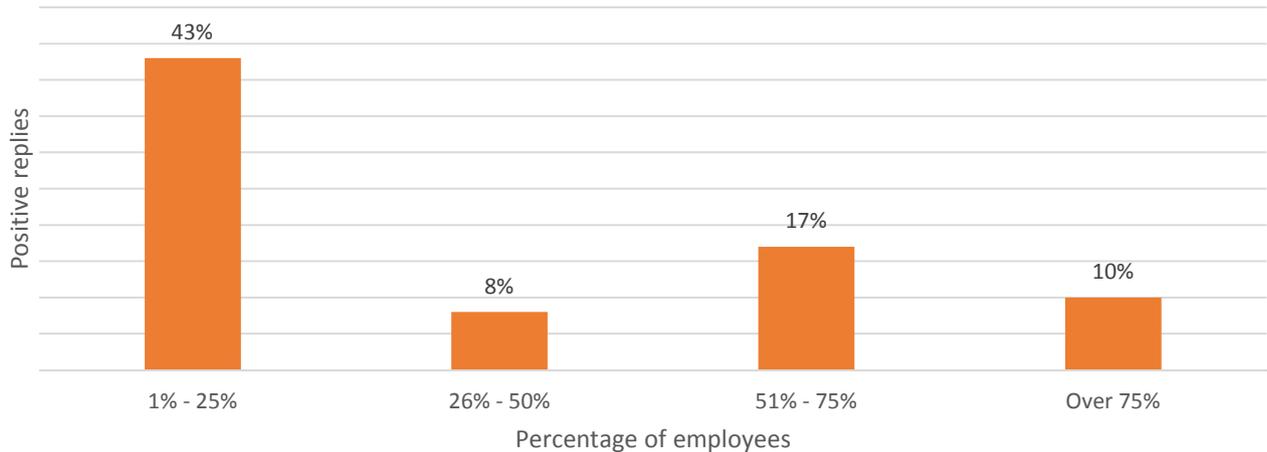
When asked to assess the importance of basic digital skills, 53% answered that these skills are very important while 40% replied that they are simply important. It is noteworthy that only one respondent replied that basic digital skills are not so important.

In relation to how important the respondents consider soft skills, 63% mentioned they are very important and the remainder 37% mentioned they are important.

It is noteworthy that no answer in the two questions above rendered basic digital skills and soft skills as insignificant, which verifies the importance given to training.

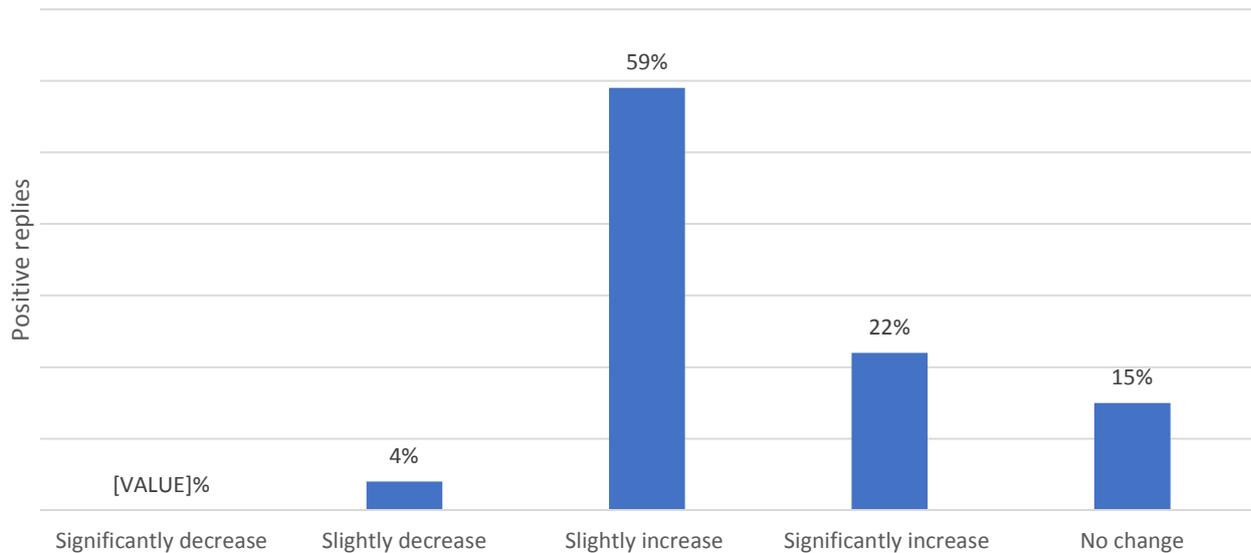
Table 6 below shows the replies to the question on what proportion of the workforce in the respondents' companies require advanced digital skills. Again, it is noted that no respondent included in the replies that none of the employees require such skills while only one respondent mentioned that they did not know.

**Table 6**  
**Proportion of workforce in the enterprise that require advanced digital skills**



The pattern on how important digital skills are for enterprises was also seen in the replies to the question on how reliant on digital skills the respondents considered their companies to be in the next five years. The replies are seen in Table 7 below with the vast majority registering slight or significant increase.

**Table 7**  
**How reliant on digital skills will your enterprise be in the next five years**



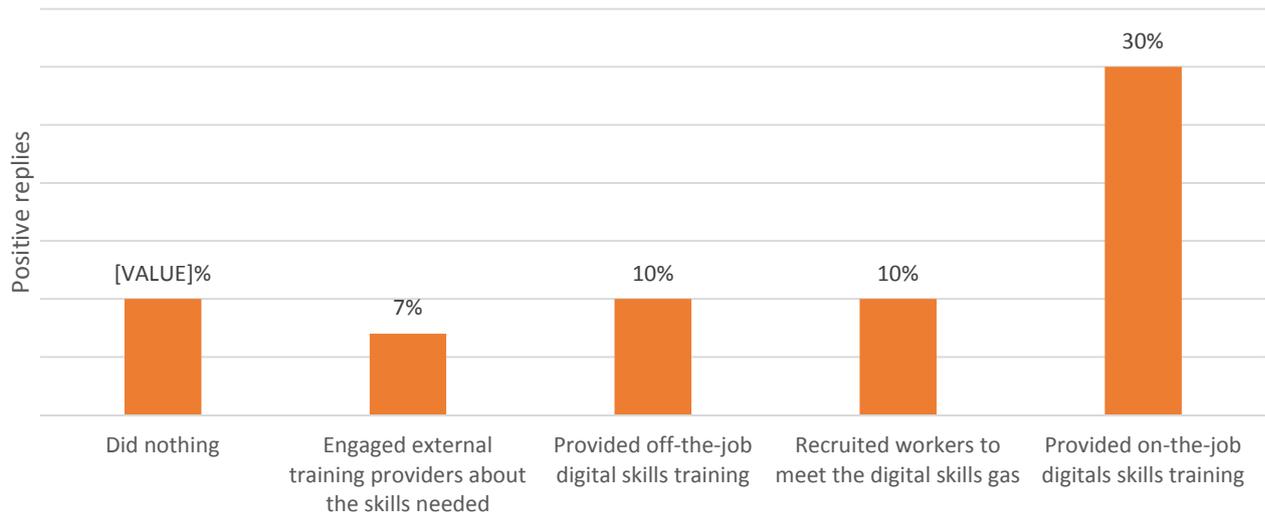
A small majority of the respondents totalling 53% of the replies, mentioned that their enterprise is experiencing a digital skills gap. When asked to specify how the companies responded to this gap, most replies (30%) focused again on on-the-job training. All replies are seen in Table 8 below.



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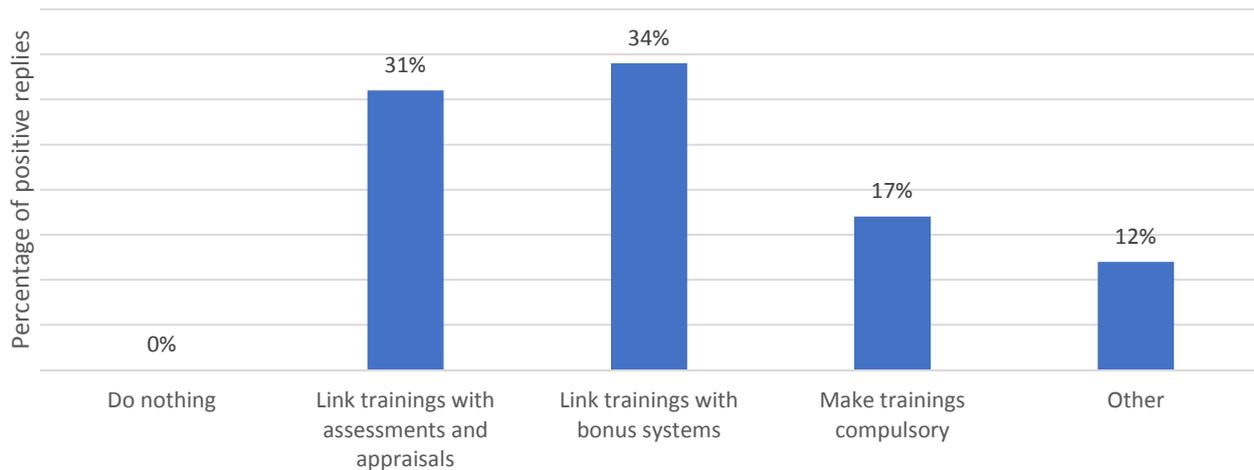
**Table 8**  
**How did your enterprise respond to digital skills gaps?**



The respondents were then asked to comment on what their view was on whether a competence development approach to lifelong learning is essential for employees with 67% of them strongly agreeing and 33% tending to agree. Not one respondent disagreed with the statement or failed to reply.

In terms of what companies do to motivate staff to take part in training, all respondents mentioned some practices, however those that replied 'other' failed to specify what these practices are. All answers are seen in Table 9 below.

**Table 9**  
**How do you respond to the need of motivating staff to take part in training?**

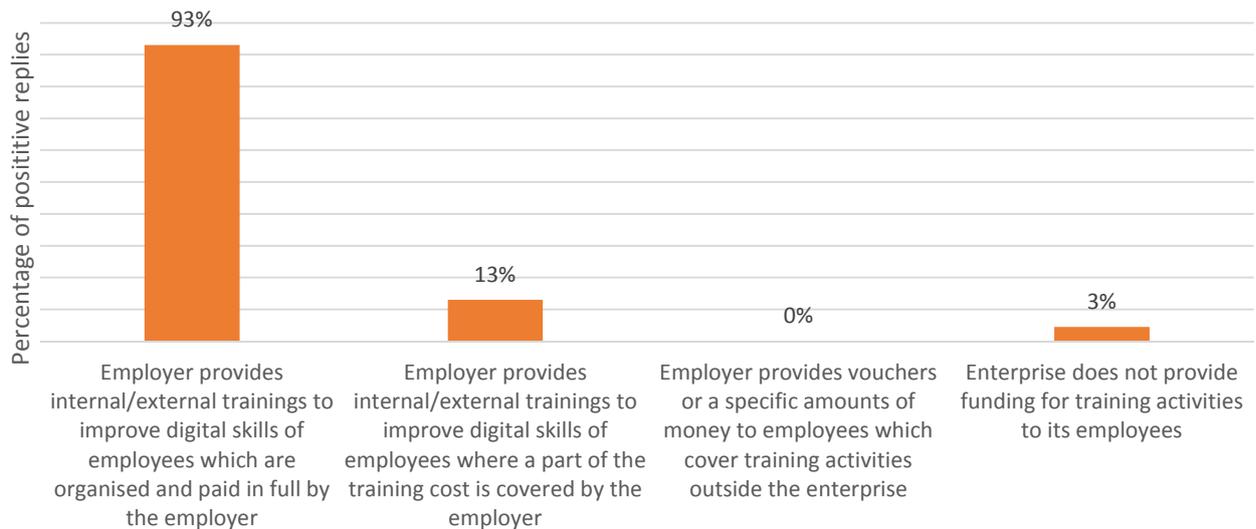


When asked whether there is a system in their workplace to recognise informally gained skills, which are not validated by a diploma, 47% replied yes and 47% replied no and only one respondent mentioned they did not know.

Following the line of questioning on training, the respondents were given statements relating to the subject and were asked to specify what is applicable to their enterprise. A staggering 93% mentioned that the employer provides internal/external trainings to improve digital skills of employees which are organised and paid in full by the employer. All replies are seen in Table 10 below.



**Table 10**  
**Which of the following applies to the enterprise?**



### ***Modalities of connecting and disconnecting***

The section on modalities of connecting and disconnecting included the following questions and replies. Firstly, the respondents were asked whether in their companies there was a system in place to control (monitor, calculate and record) regular working time in the enterprise, with 83% of the replies being positive. However, it is noted once again that when asked to specify what kind of systems these include, the respondents failed to do so. It is also noteworthy that out of the negative replies, two mentioned that they only have clock in-clock out systems and this is due to the sector they operate in as they have employees who are mobile workers.

When asked whether working time arrangements are discussed with workers within the enterprise, 87% of the respondents replied negatively and out of the few positive replies, one specified that this is done intra-departmentally, according to the circumstances of each case.

On whether there are policies and/or established rules on the use of digital tools for private purposes during working time in place, 67% of the respondents replied negatively. The



respondents that replied positively, specified that these rules were included in the employee manuals and/or that the companies provide the digital tools (mobile phones and tablets etc) so that they monitor the use is done for work purposes.

Lastly, on whether there are policies and/or established rules in place to prevent isolation at work, 87% of the respondents replied negatively and those who replied positively failed to specify what there are.

### ***Artificial Intelligence (AI) and guaranteeing the human in control principle***

A majority of 93% of the respondents mentioned that they have knowledge of what Artificial Intelligence (AI) is. Despite this, their use of AI in the companies they represent according to their replies is limited as only 7% mentioned there is such use, 70% mentioned that there is no such use and the remainder 23% claimed they did not know. Amazingly, and despite claiming to know what AI is, only one respondent specified this!

The majority of the respondents seemed to be unaware on whether the use of AI in their companies is aligned with GDPR rules and legal compliance (53% did not know). Out of the remainder, 27% stated that they comply and 20% that they do not comply.

When asked what the impact of AI is on work practices within the enterprise, the respondents once again failed to specify with the exception of one reply that mentioned that it provides more flexibility in the day-to-day workings and it increases productivity.

A majority of 95% of the respondents mentioned that the introduction of AI did not lead to and changes in the work tasks.

The respondents were also called to reply to whether there are internal Occupational Health and Safety rules related to AI, guaranteeing that the use of robotics and artificial intelligence applications are respecting and complying with safety and security control. To this, 46% replied that there are no such rules and 50% replied they did not know.



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The subsequent question related to whether there are rules on control of decisions related to AI (if human in control principle is applied – final decisions are taken by humans and not AI), to which 62% replied that this is not applicable in the case and the remainder 38\* replied that no such rules are in place.

Lastly, 92% of the respondents claimed there is no use of AI systems in human resources procedures, such as recruitment, evaluation, promotion and dismissal and performance analysis.

### ***Respect of human dignity and surveillance***

The final questions related to the respect of human dignity and surveillance. 93% of the respondents mentioned that there is no policy in place related to work monitoring of employees via digital tools or AI surveillance system. Once again, the ones who replied positively failed to specify what these policies are.

When asked whether in the cases that AI surveillance system or other monitoring systems are in place, if there are any measures in place to limit the risk of intrusive monitoring of employees and misuse of personal data, 80% of the respondents replied negatively.

Importantly, when asked whether employees' representatives are consulted/informed on issues related to data privacy protection, 58% of the respondents mentioned that this does happen.

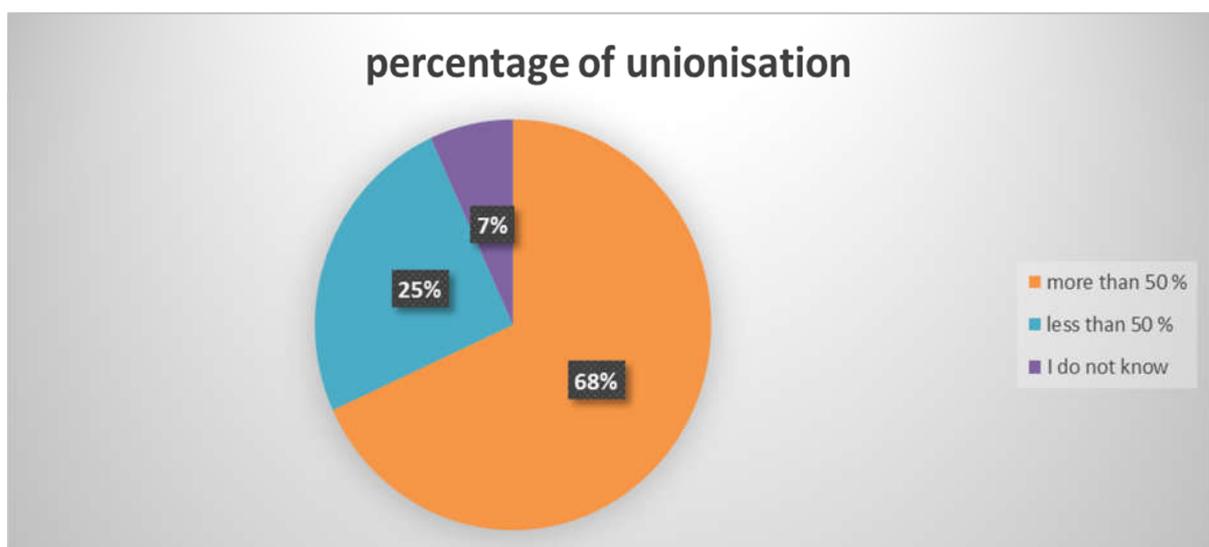
The final question on the questionnaire related to whether employees' representatives are equipped with facilities and (digital) tools, e.g. digital notice boards, to fulfil their duties in a digital working environment, with 69% of the respondents claiming this is so.



## 2.4. Employees

A total of 50 employees have taken part in the research via their online questionnaires. These employees have covered almost all of the sectors of the economy such as the hotel sector, office staff employees in the private sector, employees in the semi-governmental and governmental sector, employees in the banking sector, employees in the construction sector, employees in the manufacturing sector and employees in the transportation sector. Once again, however, we have to mention that throughout the normal responses we have seen instances where not all the respondents reply to the statement under review. We have to mention this because there are instances where the percentages of non-responses may be up to 30% which is a huge percentage to be ignored and of course we cannot be sure how this percentage might have affected the end result of our analysis.

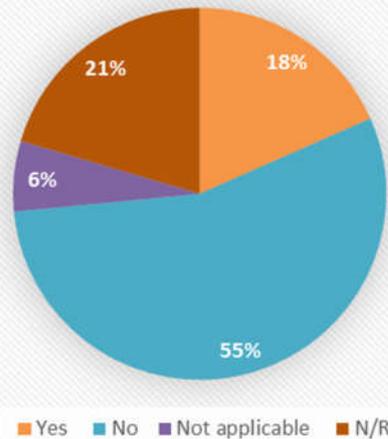
In around 95% of the responses, unions are present within the workplace with 68% of the respondents stating their workplaces have more than 50% of employees unionized. In around 70% of the responses the working conditions at the enterprise level are covered by a collective agreement, there is a 25% of the respondents that have not responded to this question however.





A very interesting indication regarding the conditions in the economy is shown in the responses about whether the collective agreements address issues related to the digital transformation and in this case we can see that only in around 20% of the cases there is a direct answer that such issues are addressed. In the remaining percentages we see that around 55% of the responses state that no such case exists and the remaining 25% either do not respond or state that such provisions are not applicable. As we said it is a very interesting point because it somehow paints the picture for the whole economy in regard to how the digital transformation is handled.

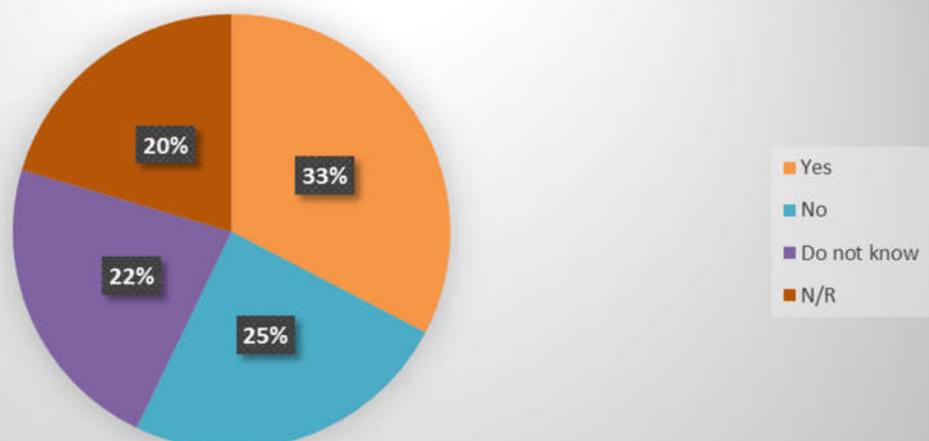
### Collective agreements address issues related to the digital transformation



### ***Digital skills and securing employment***

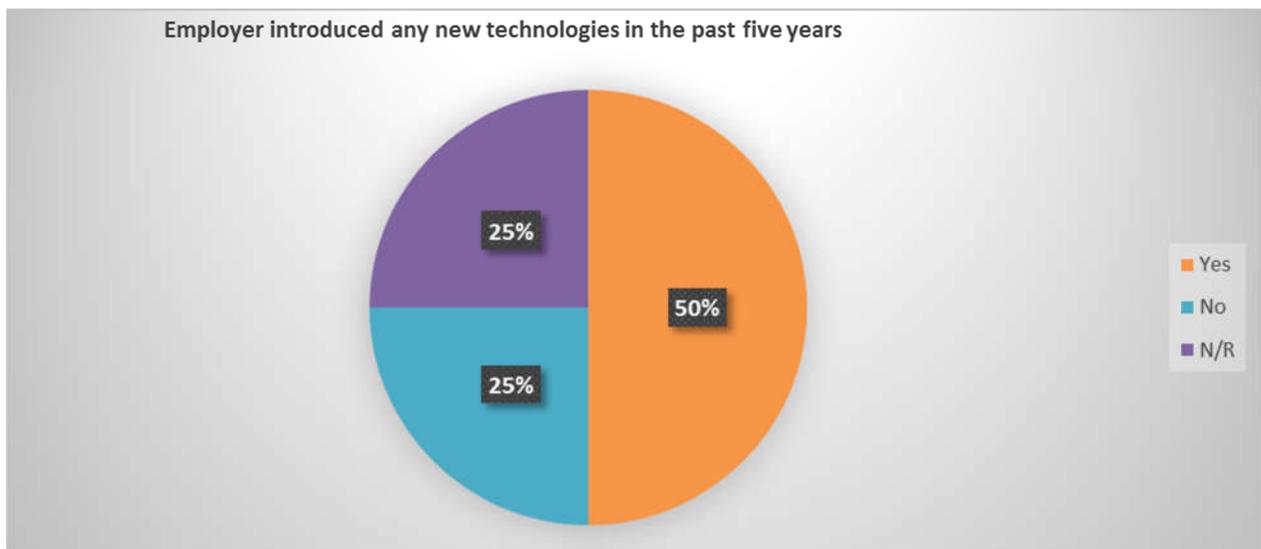
In line with the above is also the question regarding whether there is implementation of a digital strategy by the employer, where once again we see that the positive responses amount for 33% of cases and the remaining 66% either state a solid no answer or that such policy is not applicable or they provide no responses at all. Therefore, we see that in the majority of the responses it seems that there is no digital strategy implemented from the employer side.

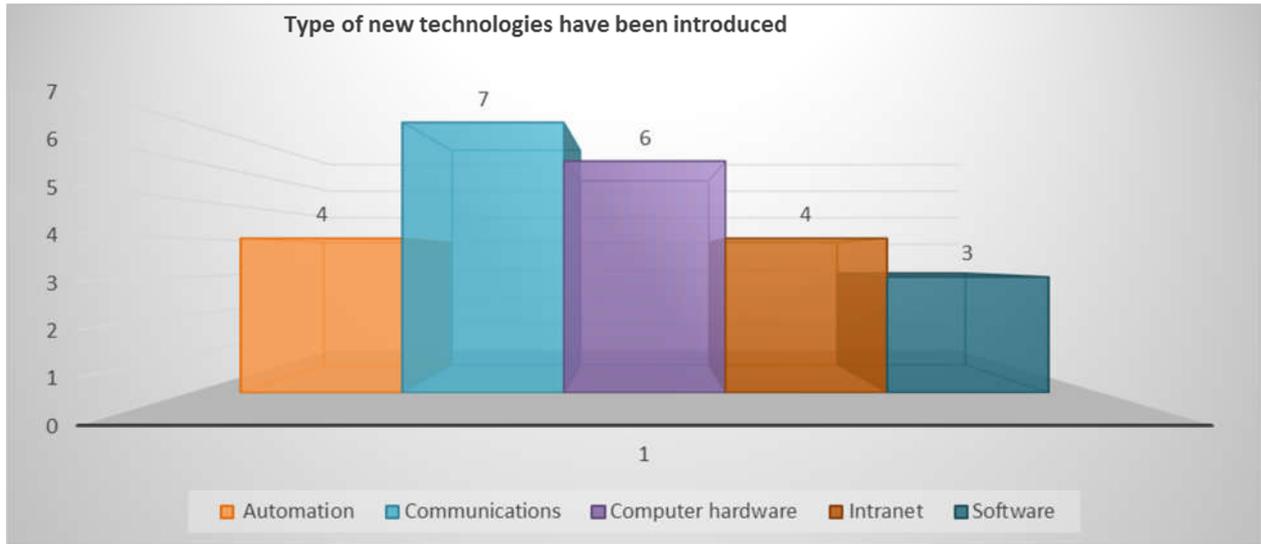
### Digital strategy implemented by your employer





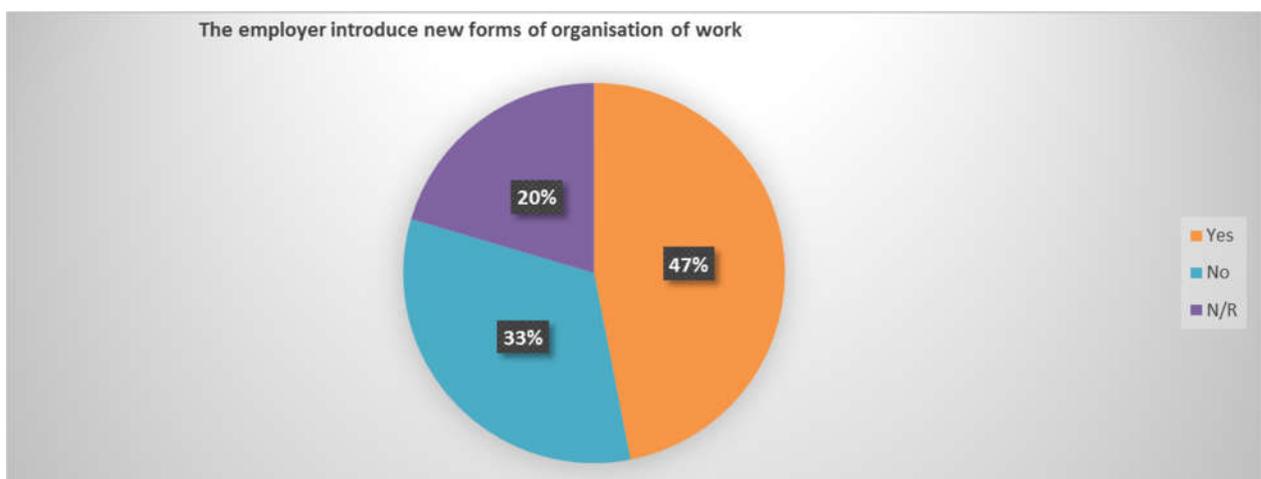
Despite not being ready for digital transformation, this has not hindered it seems the introduction of new Technologies in the past 5-years and we see that in at least 50% of the cases, new technologies have indeed been implemented, with the respondents stating areas such as communications, computer hardware, automation, internet and software as the forms of new technologies that have been introduced. The highest-ranking answers however are the areas of communications and computer hardware. As already mentioned, and despite the fact that indeed new technologies have been introduced, we see that no policies are in place to deal with this transformation as an overall enterprise policy and of course this is something that we should mention.





Having in mind the effect of the Covid-19 pandemic, in around 50% of the responses there have been introductions of new forms of work organisation. The top three new forms of work organisation are:

- Teleworking
- New forms of increased individual responsibility
- Work groups and teamwork





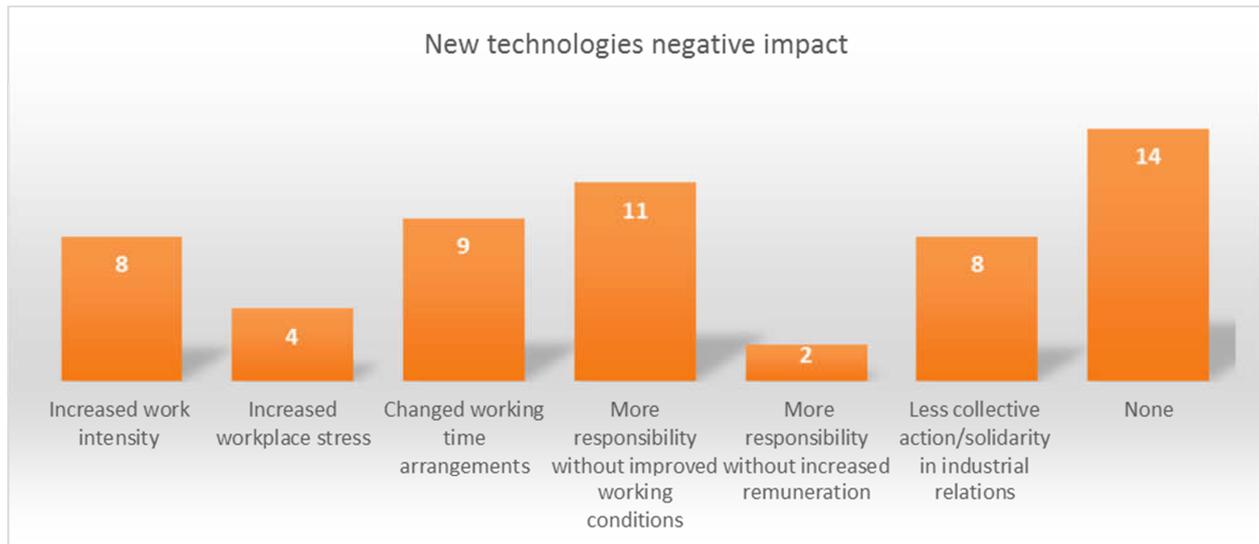
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In around 16% of the cases, no negative impact is reported from the introduction of these new technologies. Despite not being a very high percentage, it should be noted that in around 1/5 of the enterprises the introduction of new technologies is not regarded to have a negative manner. It would have been interesting to analyse further this 20% of the enterprises so as to see if they are associated or are within that percentage of the enterprises that have a digital strategy in place but this has not been identified throughout our research. In the remaining of the responses the highest negative impact is associated with more responsibility without any improved working conditions, followed by the changed working time arrangements, and then by the increased work intensity.

Another negative that we see being reported, although it is not reported amongst the highest ones, is that of the increased workplace stress and this is a good indication on one hand and perhaps a contradictory one on the other hand, because we are well aware that teleworking as a new form of work organisation is highly associated with workplace stress and the fact that we do not see it here emerging amongst the top, is perhaps a good indicator but also it raises some concerns in regards to the responses from the interviewees.

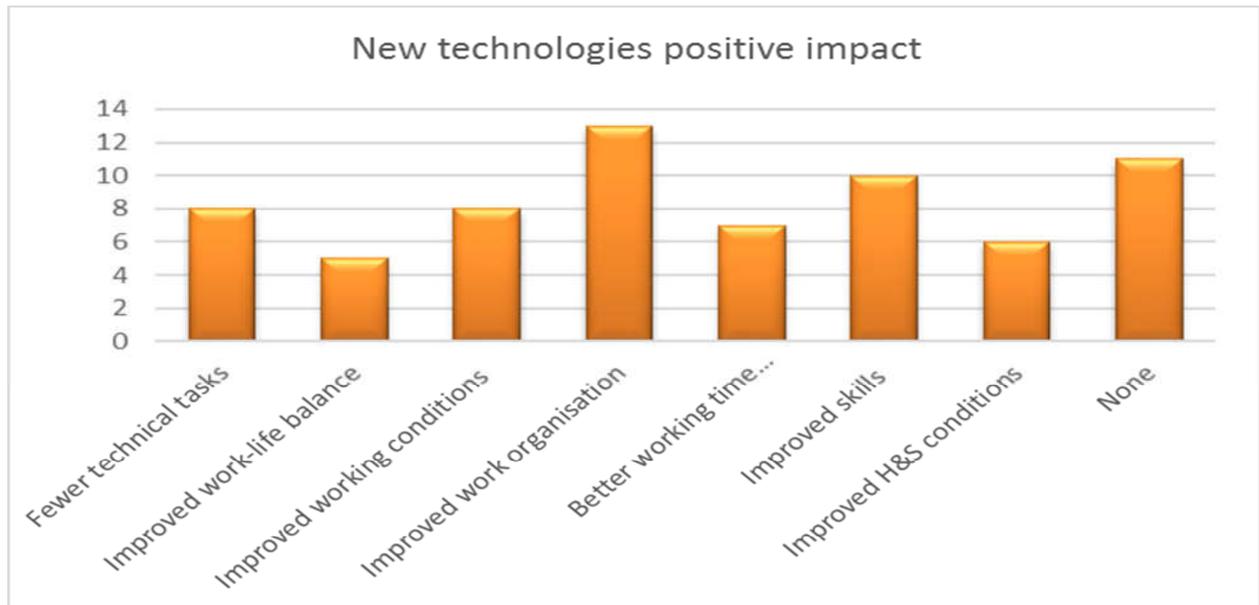


In line with the responses of the negative impacts from the introduction of new Technologies are the responses in regard to the positive impacts, where we see 20% of the respondents stating that no positive impact is noted from the introduction of these new Technologies. Analysing further the responses we see that the highest positive impact is that of improved work organisation, followed by improved skills and then by improved working conditions and fewer technical tasks. There are also mentions in regard to improved health and safety conditions and improved work life balance.



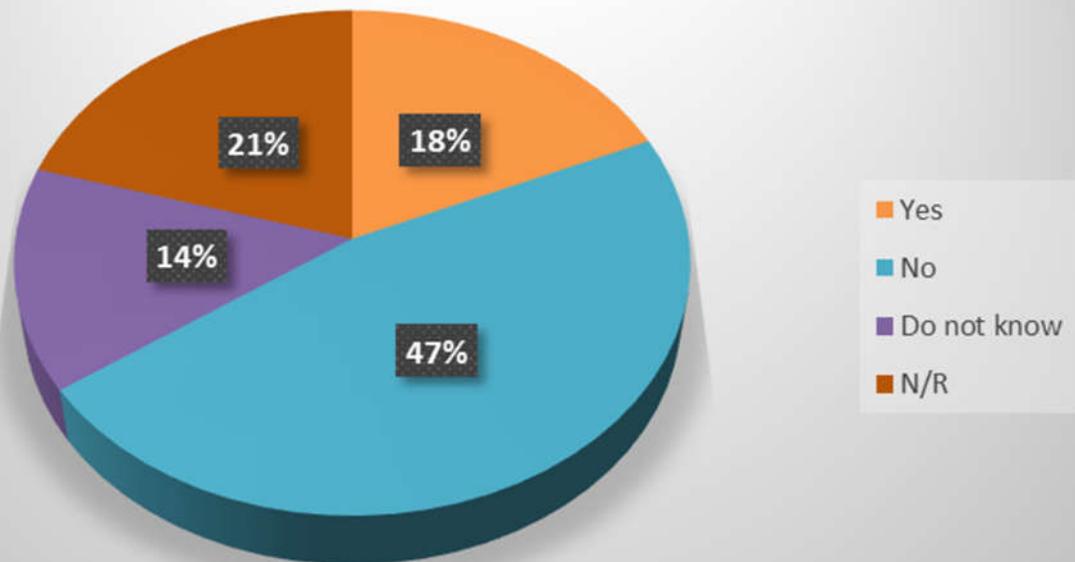
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All things that we have been analysing are highly associated with the need of upskilling and reskilling of employees, but unfortunately in only around 20% of the cases there is an official procedure in place where the workers can report their own training requirements. In the remaining 80% of the responses there is a clear indication that there is no such procedure in place and there are also mentions stating that the employees are not aware of such policy or no responses at all. This is a very interesting point from our research, because if we want to offer the best possible training to employees and to prepare them for these new workplace transformations there should be mechanisms in place that should be made known to the employees, so as the employees themselves can require the best possible training needed for themselves, but unfortunately it seems this is not the case.

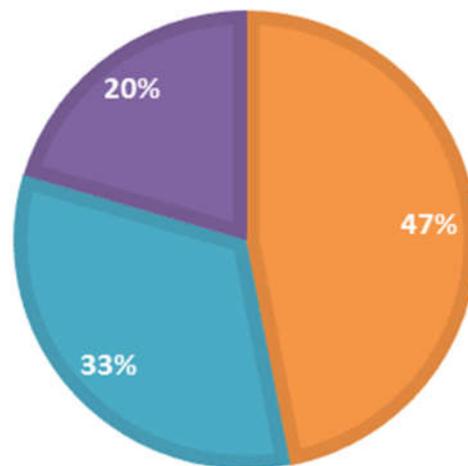
### Procedure for workers to report training required



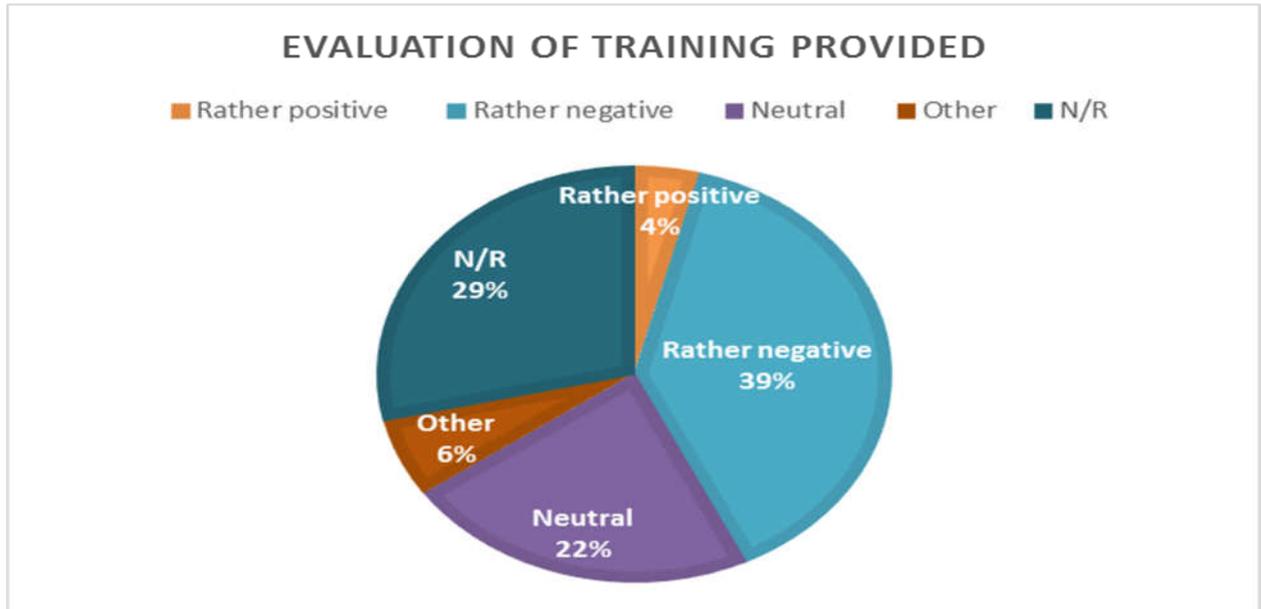
Another interesting point to be noted is the fact that in only 47% of the cases the introduction of new technologies has been accompanied with the related training. Despite this being in almost 50% of the cases, if there was an official system in place where all the employees could themselves request their own training, it is the researchers believe that this percentage would have been much higher.

## INTRODUCTION OF NEW TECHNOLOGIES ACCOMPANIED WITH RELATED TRAINING

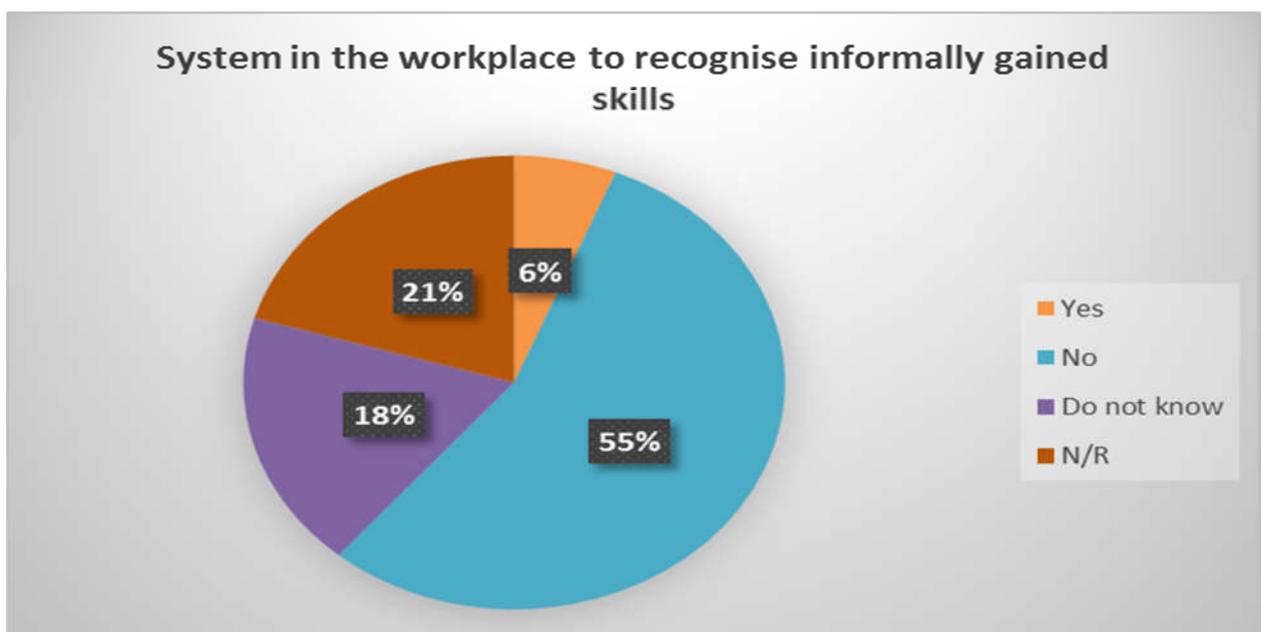
Yes No N/R

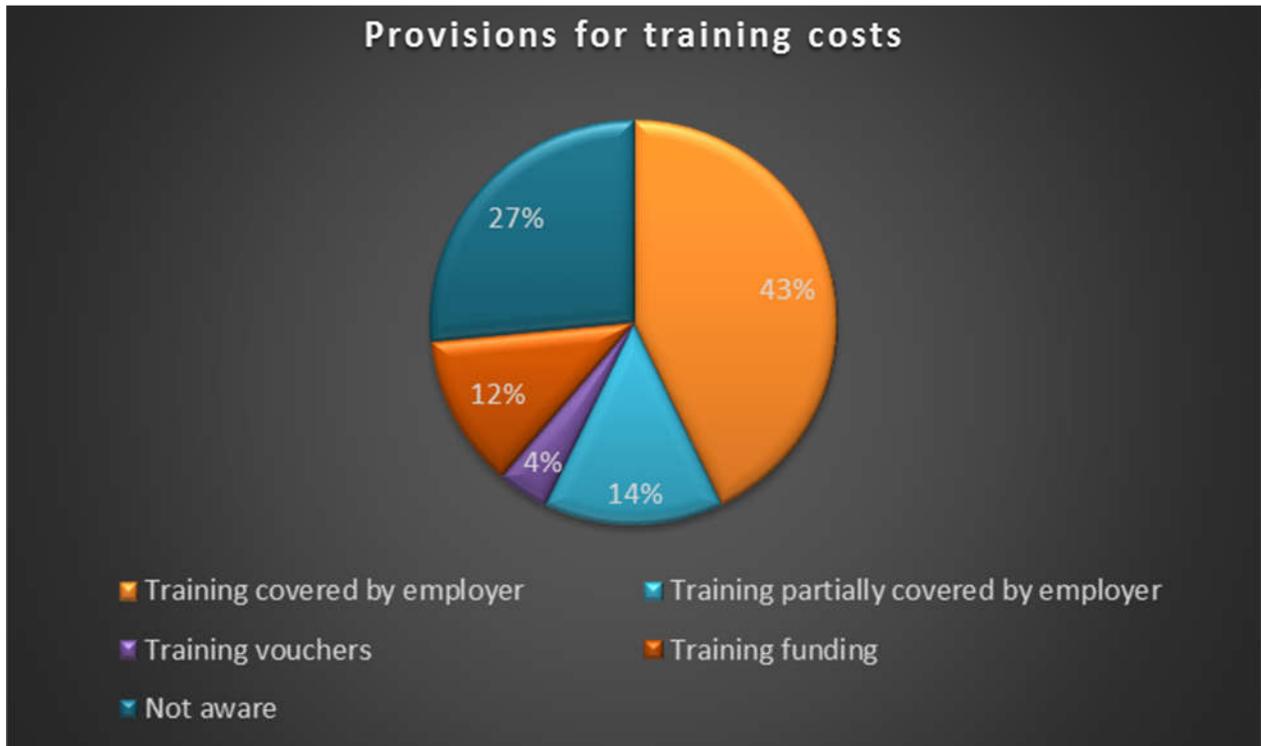


The most interesting fact that can further emphasize the need for the employees to be able to request their own training comes from the fact that even in the cases where training has been provided following the introduction of new technologies, only in 4% of these cases this is rated as being positive. This point raises again the need for the employees to have their own voice and be consulted in order to be able to have efficient and effective results at the workplace that both the employees and the employers would benefit from, because it is one thing to offer training not needed just for the sake of providing it and it is another thing to offer the training needed in order to achieve the best possible results.



Moreover, from the responses provided it is evident that there is no system in place that will recognise the informally gained skills and from the majority of the responses it is clear that the training costs or rather the training provisions are covered by the employer and this is reported in almost 50% of the cases whereas in 25% of the cases, employees are not aware which party is providing for the training costs within the enterprise.

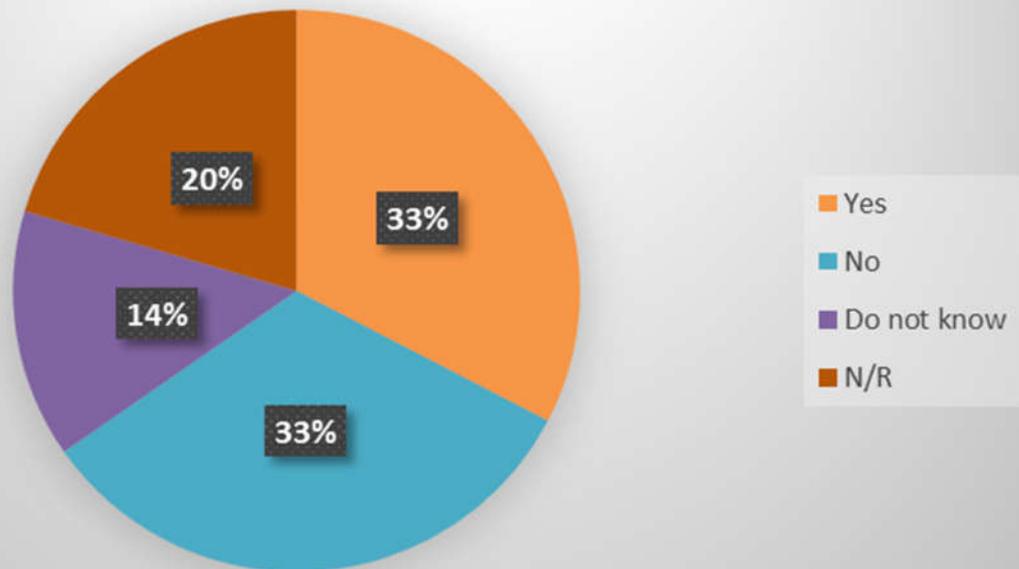




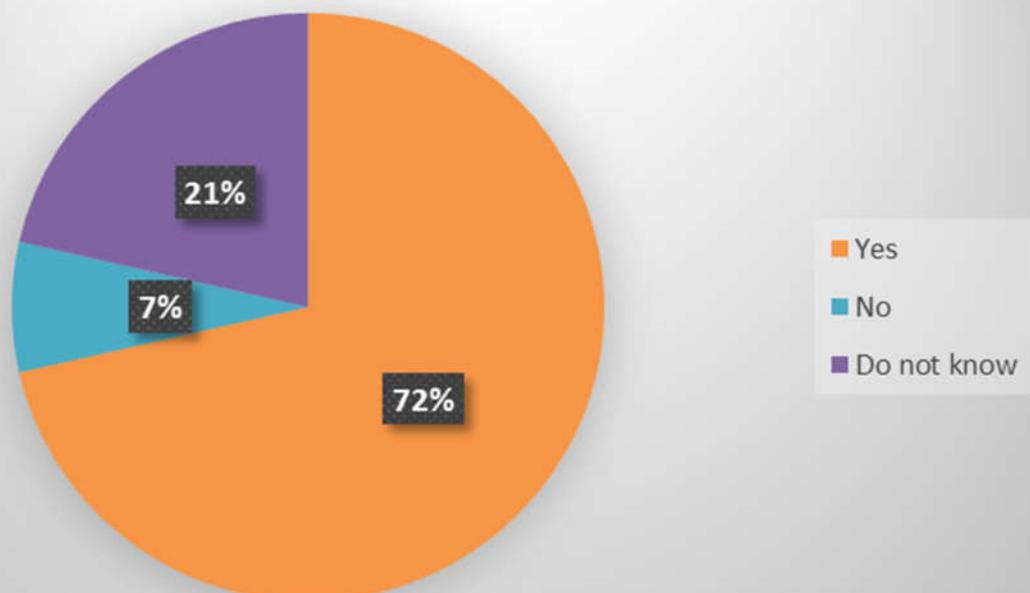
### ***Modalities of connecting and disconnecting***

From the responses provided in only one-third of the cases there is a system in place for monitoring and controlling the working time. For the remaining 75%, the respondents either state that no such system exists or they do not respond or even they are not aware of such a system being in place. An interesting continuation to this question is the fact whether such systems for monitoring the working time should be introduced where only 25% of the respondents have responded. It seems that employees are a bit hesitant to respond to this question and perhaps they are fearing that their positive response might be a push for such systems. From those however that have responded, over 70% state that such systems should be introduced and only 7% are against the introduction of such systems.

## System to control working time

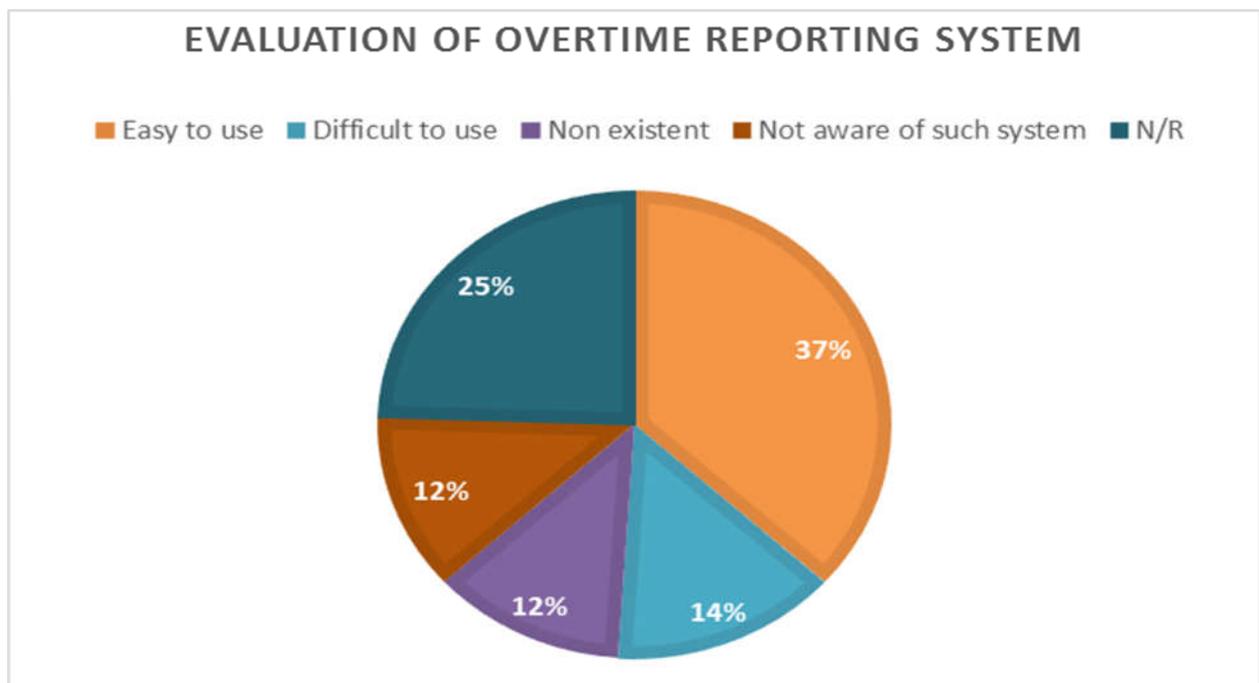


## Working time control system should be introduced

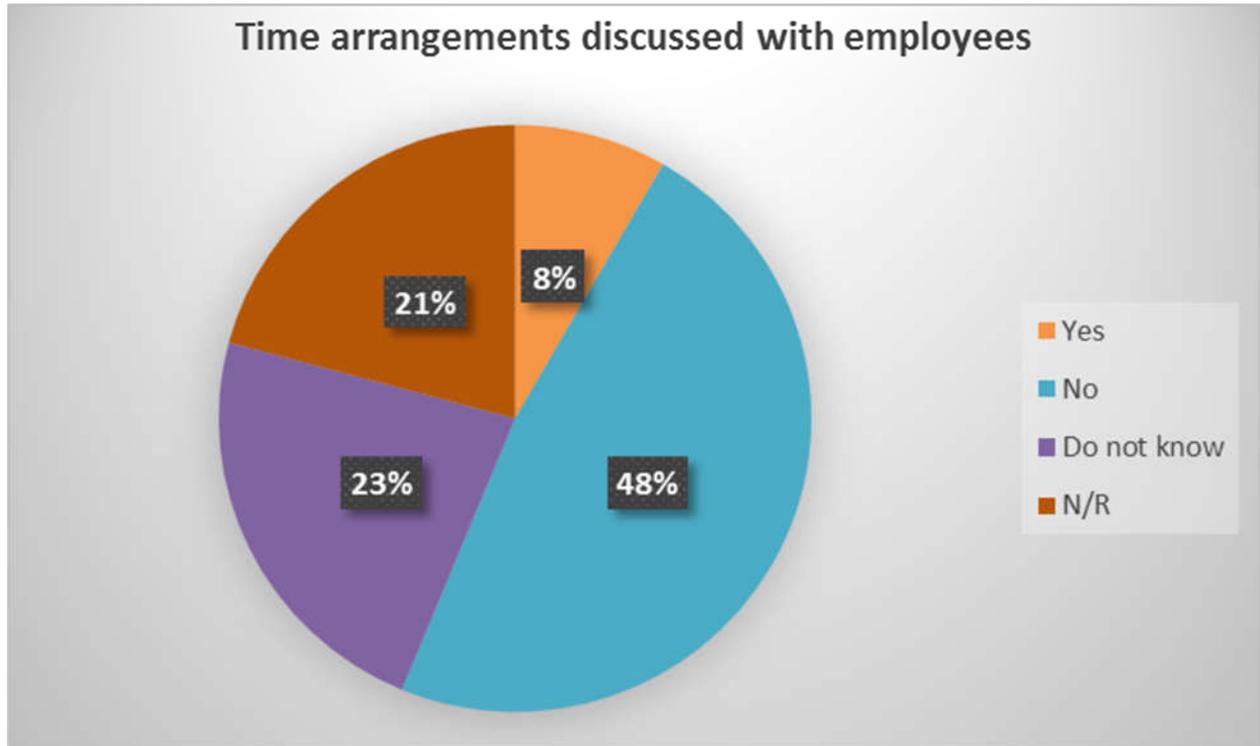




Systems for reporting overtime seem to be in place in 50% of the responses and four out of five of these respondents rate these systems as being easy to use. A question raised here is about the remaining 50% of the cases where there is no such system in place or there is no reference to such a system in place and this of course needs to be mentioned and further investigated since there might be plenty of cases within the workplace where the employees are indeed working overtime but they are not reimbursed in any way.

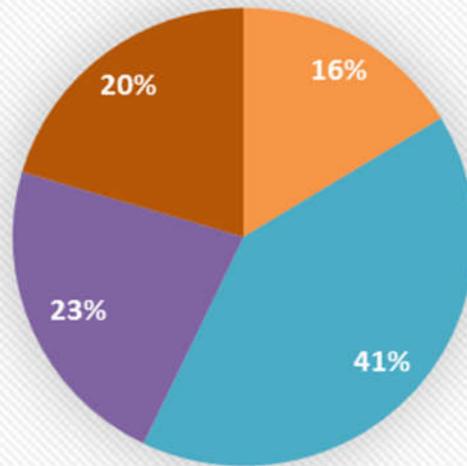


Following on, another interesting point raised is the fact that in around 50% of the cases the time arrangements are not discussed with the employees and such discussions only occur in around 20% of the responses. This finding also raises another issue which is also associated with previous projects undertaken both in the area of information and consultation and also in regard to employee Direct participation and once again it seems that none of these is fully utilised by the employers.



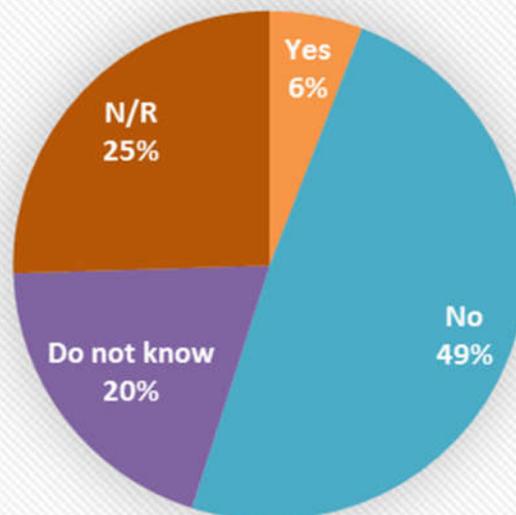
Another two aspects that are raised throughout the research and are highly affected and in line with the digital transformation overall, refer to the use of digital tools for private purposes during working time and also to any rules that are in place to prevent isolation at work. It is shown from the results that such rules are in place in a very small fraction of the responses received and to be exact, 16% of the cases respond that they have in place rules for the use of digital tools for private use and only 6% of the respondents state that there are rules for preventing isolation at work. We are well aware that both of these aspects are quite important in the digital era of the workplace and both of these need to be addressed and the results are of course in line with the overall findings of our research, that the digital transformation within the enterprises is not done in the right way by the fact that the majority of the enterprises have no digital strategies in place.

### Rules on the use of digital tools for private purposes during working time



Yes No Do not know N/R

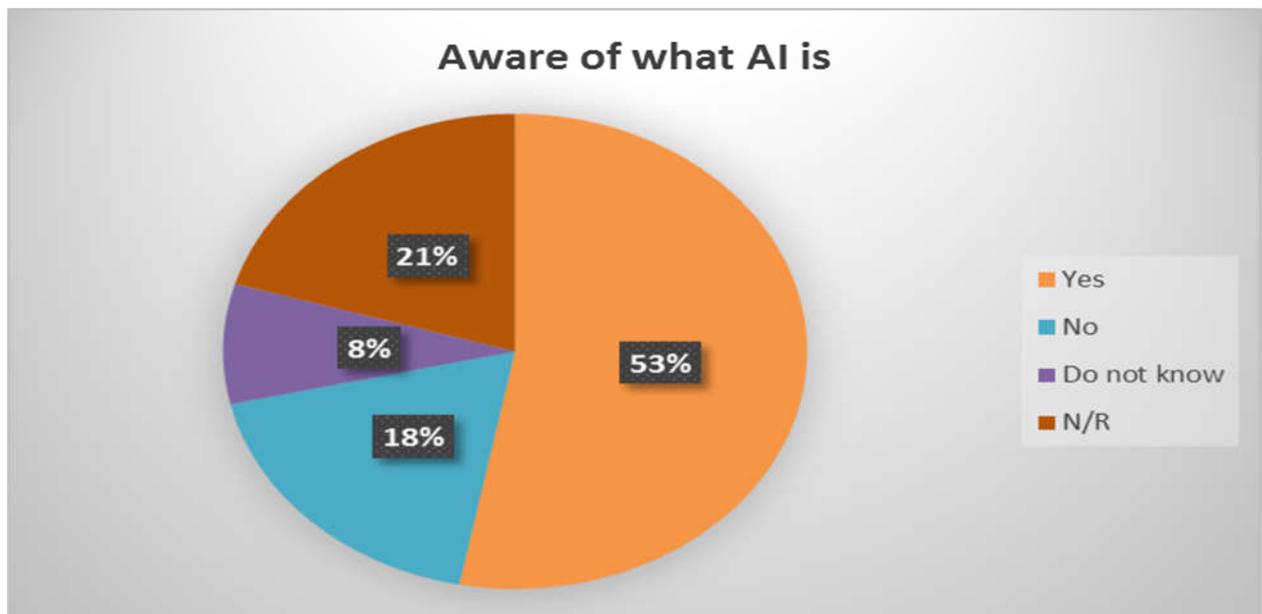
### Rules in place to prevent isolation at work



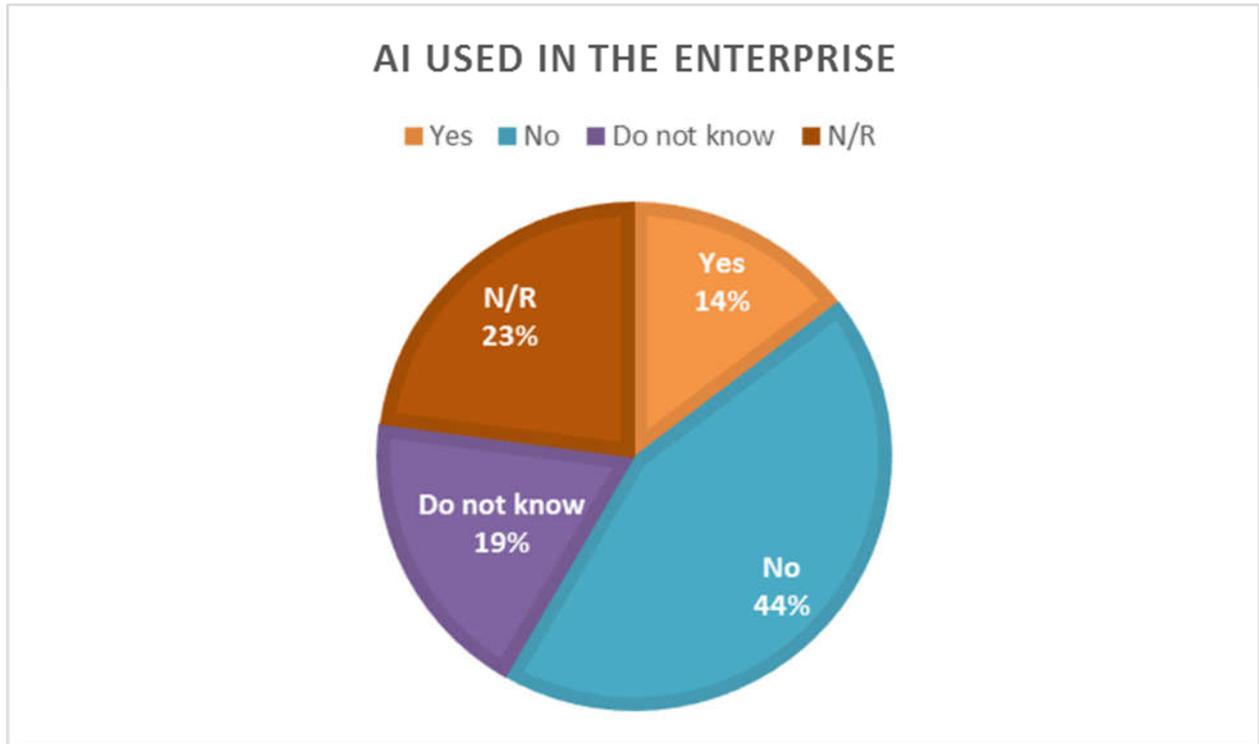
Yes No Do not know N/R

### ***Artificial intelligence (ai) and guaranteeing the human in control principle***

Over 50% of the respondent stated that they are aware of what AI is, and this is of course highly associated by the fact that the researchers have provided an extensive glossary where they have explained all the important terms used so as for the respondents to be able to refer back to this glossary and be fully aware of the meaning of the terms used throughout the questionnaire.

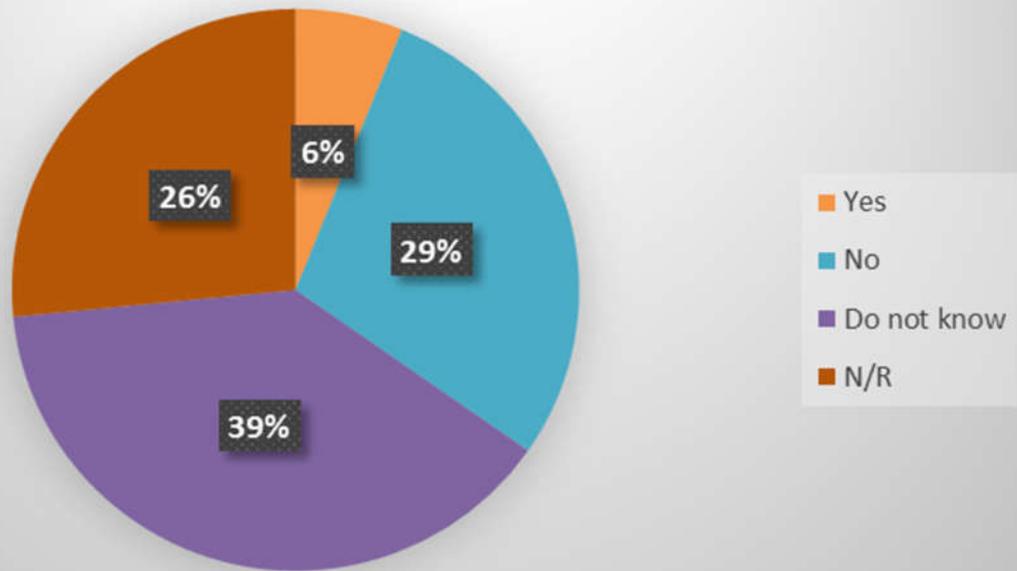


Despite however the majority of the respondents being aware of what AI is, the extent of its usage is quite low and is around 15%. Having in mind the size of the economy as well as the size of the enterprises within the economy this comes as no surprise since the majority of the enterprises in Cyprus (around 95%) employ less than 10 people, so there might be no such need for the extensive use of AI within their local business. From the responses stating that AI is used within the workplace, the forms of such intelligences referred to revolves around manufacturing robots, smart assistants, proactive Healthcare management, social media monitoring and inter-team chat tools.

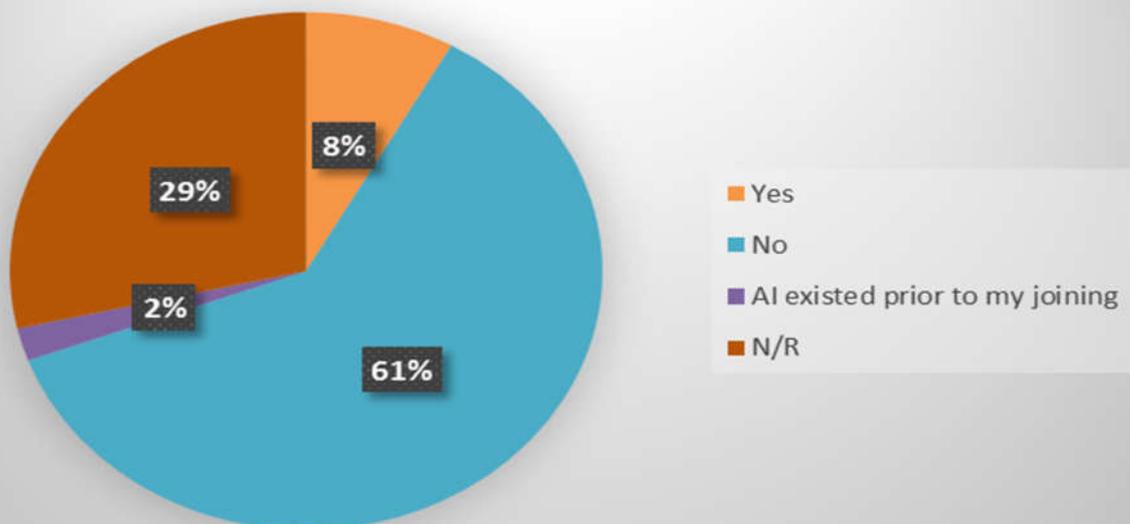


Furthermore, the introduction of AI has not impacted the work tasks and nor have the work tasks changed in any way after the introduction of AI within the workplace. There are some references to such impact but both of these responses are well below 10%.

## AI impacts work tasks

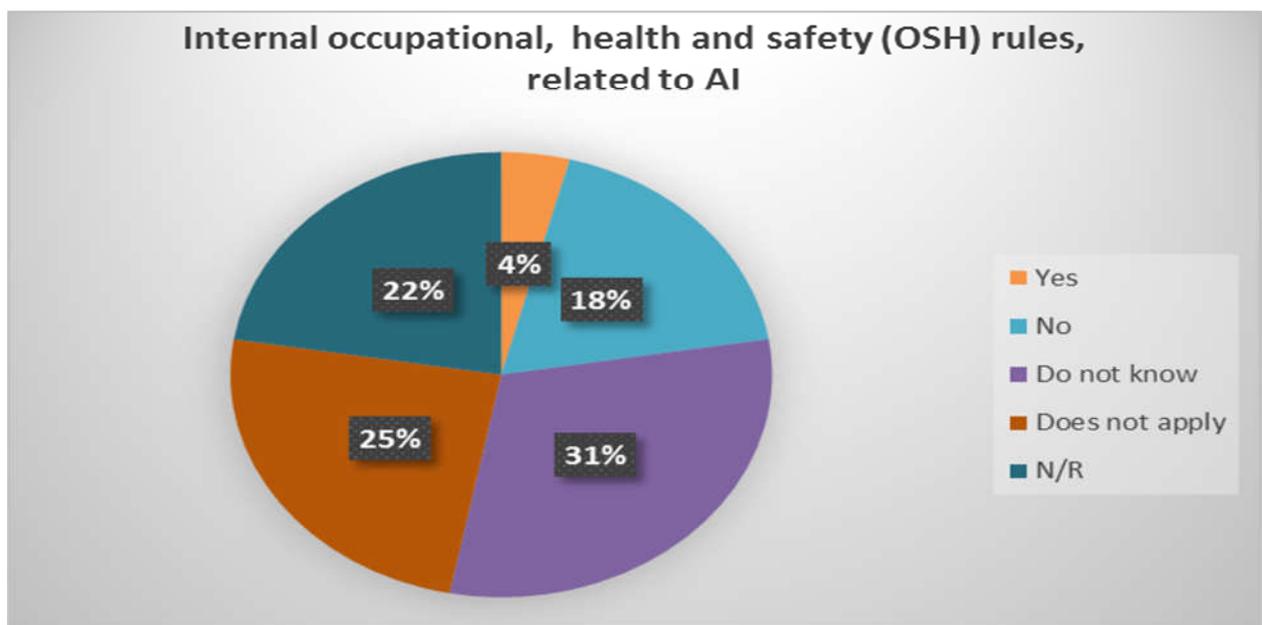


## Work tasks changed after the introduction of AI



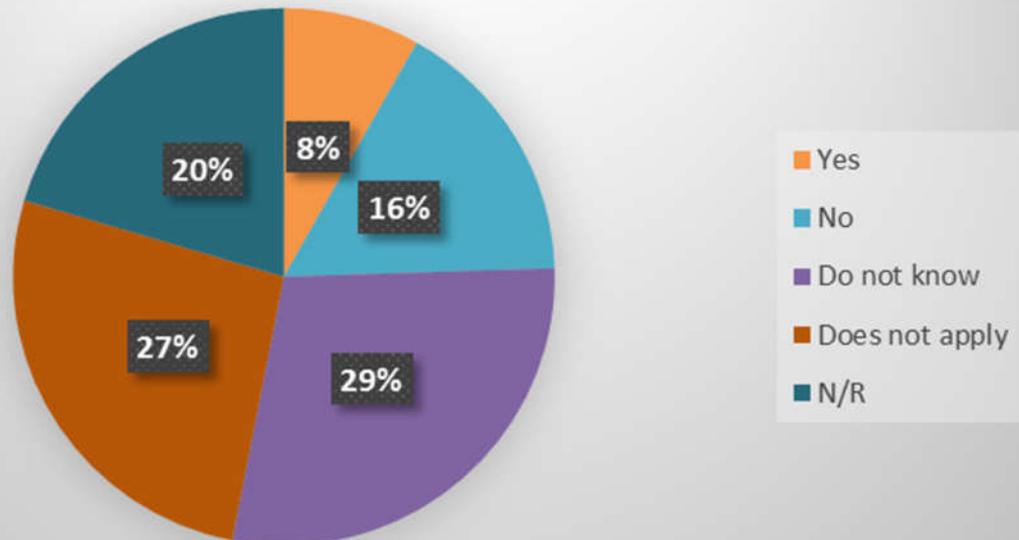
One of the important issues shown by the research which of course will need further actions from the side of the social partners is the fact that there is no set of internal occupational

health and safety rules related to AI aiming to guarantee that the use of robotics and artificial intelligence applications will respect and comply with safety and security control. Of course, these findings call for immediate actions since artificial intelligence has to operate under specific rules that will safeguard the personal data of the employees as well as the fact that the algorithms should not be the one deciding for the employees.



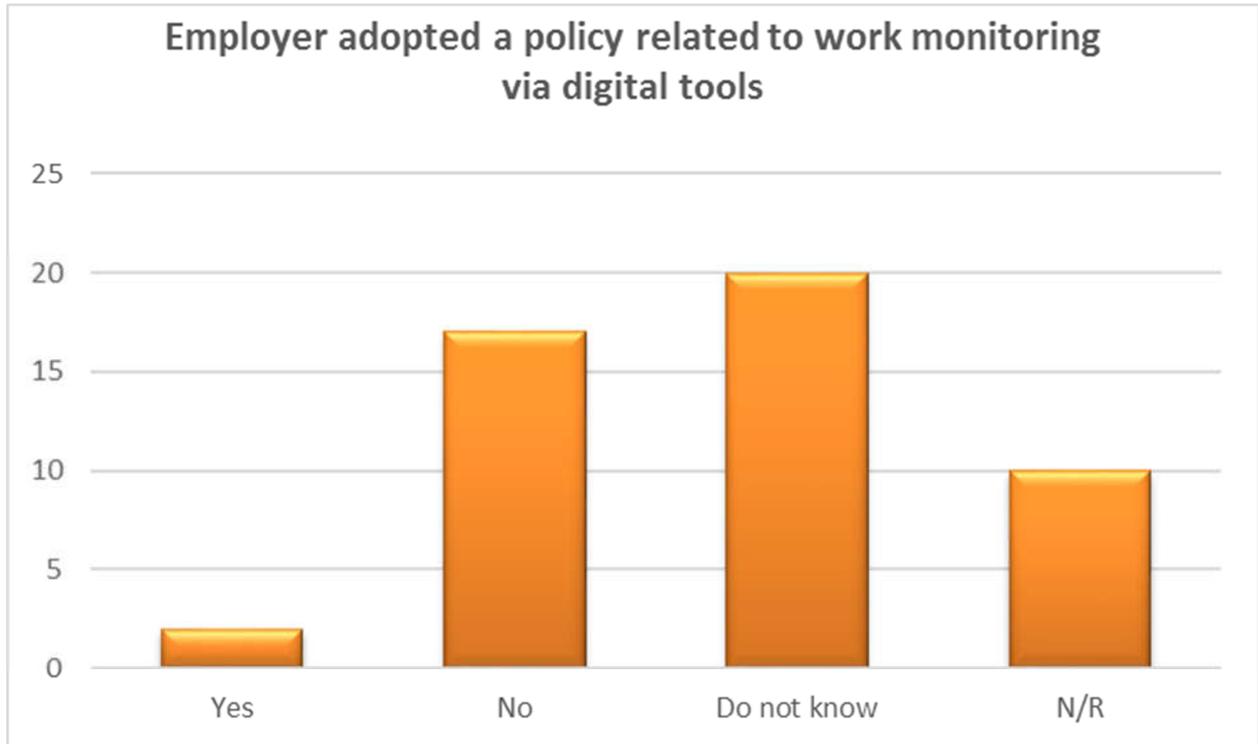
No extensive rules seem to be in place in regard to the control of decisions and especially whether the final decisions are taken by humans instead of AI. From all those taking part in the questionnaire, only 8% state that such rules are in place. Once again, this calls for actions so as to better proceed with the introduction of AI in the workplace.

### Rules on the control of decisions, related to AI (final decisions taken by humans)

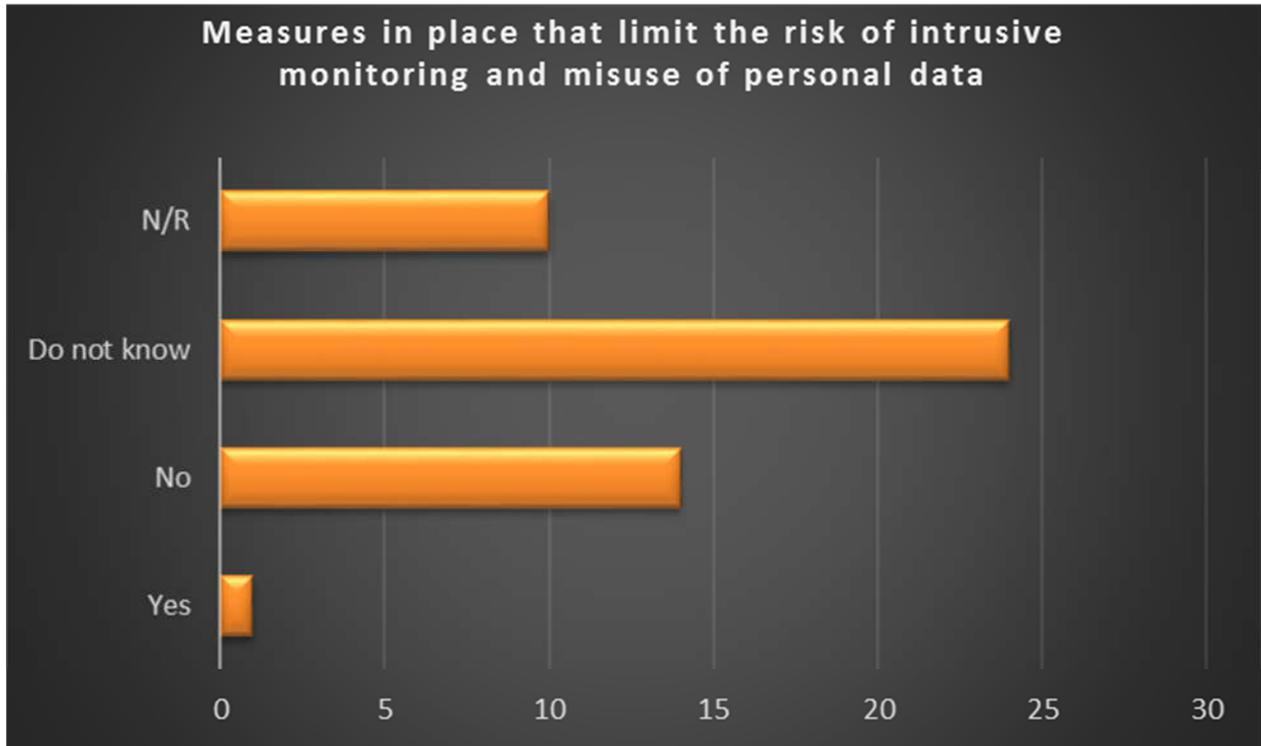


#### ***Respect of human dignity and monitoring***

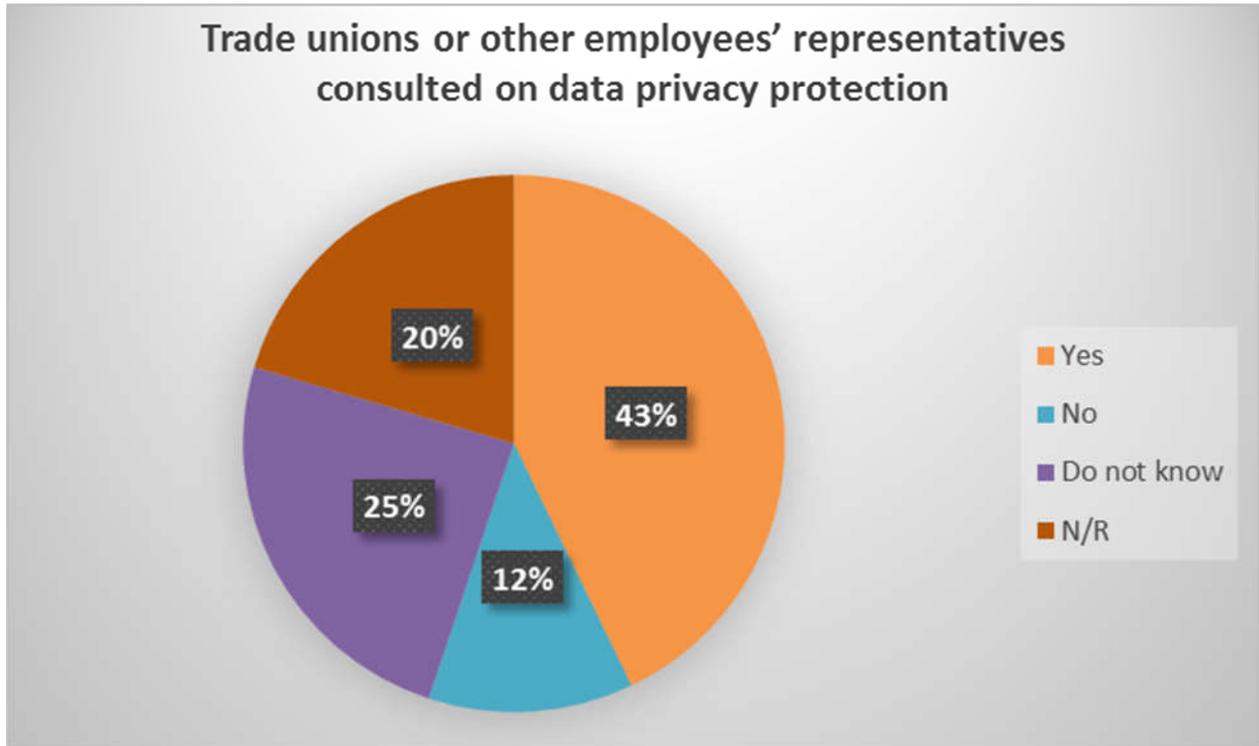
Clearly there is no adaptation of any policy from the employer site that relates to work monitoring via digital tools or artificial intelligence surveillance systems. And it has been stated many times throughout this report that all of these are in line and interrelated with the fact that although new technologies have been introduced and there is a trend towards the digital era, that is done without having the employees in mind since as we have already seen neither do the employers have digital strategies in place nor have they consulted with their employees prior to these transformations.



Furthermore, it seems that no measures are in place that limit their risk of intrusive monitoring as misuse of personal data. From all the responses received there is only one positive reference to such measures which makes the researchers quite reluctant to make notice of it.



In only 43% of the cases there is the reference that trade unions or employees' representatives have been either consulted or informed on issues related to data privacy protection. Despite this not being an optimum condition of industrial relations where there is negotiation between the parties in the workplace, still it allows room for future discussions amongst the interested parties in order to come up with solutions in relation to the issues that have been discussed.



Finally, the trade unions will need to up their game as well since it seems from the responses received that the trade unions are not equipped with any digital tools that will help them fulfil their duties in a digital working environment and if trade unions wish to continue representing employees in the new digital era they would need themselves to become digitally equipped. In only around 10% of the cases trade unions seem to be equipped with such digital tools.

### **3. Challenges to social dialogue arising from the digital transformation in the world of work**

- Firstly, the development of the glossary to accompany the questionnaires proved an important tool for the respondents to have the same basis to reply to.
  - However, many problems were faced with completion of the questionnaires online as many questions, especially those requesting clarifications, were



- omitted thus leaving gaps in the results that need to be addressed in future studies.
- Especially in the case of the employee surveys, in all the instances the lack of responses that can go as high as 30% which, despite the fact that the remaining 70% is quite a representative sample, still create the need to be further investigated.
  - In general, however, the number of replies in all categories are deemed representative to what applies in the economy in Cyprus as a large number of economic activities and employee status were covered.
  - It is noteworthy that in businesses when we talk about technology it is in most cases referring to software and there is no real understanding by HR managers/Line production managers/Data protection officers on what AI is. This is significant as these are primarily the people who will lead the digital transposition of companies and its impact on employees. This is also affected by the fact that the TU social partners do not have any agreements based on common principles or guidelines, related to the deployment of Artificial Intelligence (AI) systems, nor have they undertaken initiatives to assess the impact, including the risks from the adoption of AI in enterprises.
    - It is evident that social partners and business lack the knowledge of what AI really is and cannot yet grasp its magnitude so as to start to take initiatives to assess its impacts and minimise them.
  - It is clear that most efforts from businesses and employer representatives to deal with digitalisation and its impact, are primarily focused around training. On the same wave length, the TU responded that they have envisaged training for employees through their collective agreements.
    - Having in mind the previous responses and the conclusion that both the employers and the TU are not fully aware of what AI really is, there are serious doubts as to whether the training that we see references made to, is indeed or will be the most effective one for the transition of businesses and employees to the new digital era.



- The need for the reskilling and upskilling of employees is something that is noted by the EO and the TU at a sectoral level and this is something deemed positive.
  - Having in mind however the confusion that seems to be present in regard to digitalisation and AI, the reskilling and upskilling that each party has in mind and how this is translated in their own perspective will need to be analysed and identified so as to make sure they are all on the same wavelength.
  - There are references by both the EO and the TU (at the Confederation level) for the adaptation of Framework on Digitalisation, which shows the political will of the social partners. This adaptation can of course set the basis for the upskilling and reskilling and erase a lot of confusion of what needs to be done.
  - There are some contradictions however between the responses of the employers' organisations and the trade unions in regard to the upskilling and reskilling of employees since the employees themselves respond that there are no systems in place where they can identify their own training themselves which at the end of the day leads to training that is both inefficient and ineffective and it is not rated in a positive
- In the majority of the cases (around 70%) the social partners have been consulted in regard to training/vocational training for employees.
  - This is an indication of the level of the social dialogue in the economy and it shows that once the policy for the training for the upskilling/reskilling of employees is final and clear, then we should expect these measures to be implemented via the sectoral social dialogue.
  - Despite the impact of such consultations on the social dialogue at the national level, concerns are raised in regard to the involvement of employees since we know that employees were not active in this process and their voice has not been taken in account in regard to the training, they will need themselves which at the end of the day has led to training provided that was not needed. It seems that social partners do not take into account employees when discussing certain issues



- Social partners have the means to provide their own training to employees and businesses.
  - Social partners have the mechanisms in place to provide their own training to employees and businesses in terms of employee reskilling and upskilling. Despite their ongoing demands and discussions with the state in order to have in place programs that could offer such knowledge, the social partners have the means in place as to seek the provision of such training themselves as well.
- There is motivation to implement and participate in training by social partners.
  - Both the employers and the trade unions are in favour and motivate training. On the one hand, the employers in a quite high percentage offer means of encouraging and motivating training and on the other hand trade unions are supportive to such motivating schemes. This is also another indication of the level of social dialogue and industrial relations and provides an indication that on the right basis the upskilling and reskilling of employees will be on the right track and expected to be quite efficient.
- Teleworking.
  - It is evident teleworking is in place. Although there are discussions in place both at the enterprise level and on a national level, it seems that this new form of employment is not yet regulated at the workplace and no solid agreements have been reached yet as to regulate this form of employment
  - Teleworking is amongst the new forms of technologies that have been introduced at the workplace and despite employees stating positive outcomes from these new technologies they are also making references to negative outcomes as well which of course will need to be addressed from the National social partners
- Gaps with the sectoral TU.
  - There are gaps amongst the sectoral TU and the way they manage digitalisation and its impacts on the workplace. There are instances where there are no references at all on the steps taken and this needs further clarification since the discrepancies might be quite high.



- Digital strategy.
  - There is a large number of enterprises (more than 50%) reporting having a digital strategy in place whereas only around 25% of the employees are aware of the existence of such strategy. This is one of the major problems associated with the communication aspects within the workplace, where there are things being done that are not communicated effectively.
  - The lack of digital strategies seems to be affecting and be interrelated with the results from the responses received from the employees questionnaire and perhaps there is a correlation between the lack of a digital strategy and the responses received in relation to time arrangements, rules regarding the control of the decisions, policies and measures for work monitoring via digital tools and health and safety rules related with artificial intelligence, all of which might have been somehow differentiated if there has been a digital strategy in place
- Training required.
  - The means of requesting their own training must be communicated to employees since it seems they are not aware of such systems being in place having in mind the huge differentiation between the companies stating they have systems in place (83%) compared to the percentage of employees (16%) being aware of such system
- Evaluation of training provided.
  - Training has been provided following the introduction of new technologies introduced. This however is not positively rated, and of course this might be in line with the fact that few employees are aware they can request their own training needs.
- Teleworking and employee isolation.
  - There is no policy in place in regard to the avoidance of isolation that can be a side effect of teleworking and such policies are reported to be in existence in a very small percentage without any further details, therefore we can say that no such policies really exist.



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## **4. Recommendations for the Social Partners and collective bargaining with a view to implement the framework agreement**

### ***4.1. Digital Skills and securing employment***

Throughout the EU, the issue of skilling and upskilling of employees has been linked to measures aimed to respond to the challenges of digitalisation. European sectoral social partners have, through reports, identified the top jobs of the future and the top skills of the future, many of which revolve around technology.

For example, amongst the top skills identified just in the chemical sector are process management/optimisation, automation, quality assurance, forecast and modelling, enterprise resource planning, biotechnology, customer relationship management (CRM), virtual collaboration, computer aided design, machine learning, process simulation and many more.

Furthermore, the Sector Skills Blueprint project "DRIVES" in the automotive sector, identified a number of automotive specific occupations in which there is a growing need for skilled workers, and which should be identified as a priority. These include automotive data analyst, powertrain engineer, automotive technician, electrification engineer, process engineer, cybersecurity engineer, automotive manager and vehicle data specialist. Examples of other relevant occupations for the sector, but which are not specific to it, include innovation manager, software specialist, marketing and business development manager.

The list of professions for all other sectors is non exhaustive.



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It thus follows that skilling and upskilling should be seen as a priority and Social Partners are advised to design training programs based on the results of the follow up survey. The training programs should also be adopted by the government and included in funding initiatives so as to ensure their implementation and success.

#### ***4.2. Modalities of connecting and disconnecting***

##### ***Adoption of the Framework Agreement***

It is evident from the research and the results of the surveys that Social Partners in Cyprus have not yet tackled the issue related to modalities of connecting and disconnecting and is not included in their priorities. It is hence vital that they proceed as soon as possible to adopt and implement the Framework Agreement on Digitilisation signed by the European Social Partners in June 2020.

The adoption of the Framework Agreement will provide the basis on which Social Partners should build their actions to deal with issues that arise from the introduction of new technologies and artificial intelligence in the world of work and that impact employment in general.

It is suggested that a national conference is held with experts and representatives from BusinessEurope and ETUC in order for the provisions of the agreement to be presented, analysed and discussed for better understanding.

The agreement should be part of the training sessions described above in the section of the social partners capacity building.

##### ***Dissemination of Good practices***



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It is suggested that Social Partners identify, analyse and codify good practices around the issue of digitisation, including the issue of modalities of connecting and disconnecting, both at national and European levels. These good practices should be drafted in Employer and Employee Guides and be disseminated in the entire economy.

By disseminating good practices, businesses and employees who have not yet dealt with the issue of digitisation at company level, can have a clearer understanding of what they can do in order to make sure the impact of technology and artificial intelligence on the world of work, can be mitigated and/or dealt with without repercussions.

Taking into consideration the characteristics of the Cypriot economy and the large number of micro companies (95% have less than 10 employees), the dissemination can be done using technology (social media, online communication platforms) or by one – to – one meetings and discussions or by publicizing them in the press.

#### ***4.3. Artificial Intelligence (AI) and guaranteeing the human in control principle***

As derived from the conclusions of the surveys and questionnaires conducted as part of the Transformwork project, there were a lot of issues that remained unclarified either due to the lack of knowledge of the respondents and their general failure to provide more specific replies when requested. Especially in the area of Artificial Intelligence, this was more evident.

It is thus necessary that a follow up survey at national level be carried out. The survey will aim to cover the gaps created by the initial survey of the project; hence the questions need to be custom made and in a format that the respondent understands what and how to reply so as no answers are omitted. Incomplete questionnaires may be a result of insufficient attention to the topics or of not understanding what the requirements were.



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It is important that the questionnaires aim to register real needs in terms of training; e.g. what skills are needed in each sector either at present or in the near future. This need is derived from the results of this project as training was a topic that all sides gave emphasis to.

The new questionnaires should be agreed by the Social Partners and the results should be analysed in a follow up national seminar so as the next steps are decided.

#### ***4.4. Respect of Human Dignity and surveillance***

Since there is a lack of knowledge on issues related to digitalisation and artificial intelligence by the representatives of the social partners as exemplified by the responses to the related questionnaires, as a first step to attempt to tackle the issues, employer organisations and trade unions need to be better prepared.

To this end, social partners should organise and implement training sessions for their staff which will include topics such as (a) learning new technologies, (b) understanding the skills required presently and the skills that will be required in the future, (c) understanding artificial intelligence and how it is implemented in the world of work, (d) learning ways to recognise and deal with changes in different sectors of economic activities and (e) learning how to act proactively.

The topics listed above are non-exhaustive and social partners should hold joint meetings to decide on a minimum required training that will be common to both employer organisations and trade unions so that a basic common understanding is established. The two sides can also add custom made topics that are more important to what they represent and these topics do not have to be agreed.

It is suggested that these trainings include good practice examples from other member states and the European experience through the inclusion in the programs of their respective European organisations.



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Furthermore, and irrespective of the required trainings, each social partner should develop initiatives that will help their organisation better prepare for taking on the issue of digitisation. These initiatives may include the development of online systems/applications, check lists, communication initiatives, that their representatives can use in their daily work.

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