

Ownership, Control, Compensation and Restructuring of Latvian Enterprises

Preliminary Results from a Manager Survey

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*Ownership, control, compensation and restructuring
of Latvian enterprises
- preliminary results from a manager survey*

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Ownership, control, compensation and restructuring of Latvian enterprises - preliminary results from a manager survey

1. Background for the survey and research questions

This survey is part of an ongoing research project on governance and enterprise restructuring. We have made studies on ownership and economic performance for a large sample of companies in the Baltic States based on ownership surveys and data from balance sheets and income statements as reported to the statistical departments. However, we needed deeper knowledge about the extent to which ownership actually meant dominant control by the group of majority owners or to what extent the managers dominated both strategic and operational decisions in the enterprise. We also needed deeper information on the questions connected to compensation systems for managers and other employees and information about different indicators of restructuring.

The main research questions concern the variation on different types of ownership, which is divided in majority ownership by state, foreign, domestic external, managers, other employees or no majority. The survey also distinguishes between state owned, privatized, or established directly as new private firms.

The research questions concern the relation between ownership structures on one side and on the other side: 1: the relation between ownership and control; 2: compensation systems for managers and other employees; and 3: different forms of restructuring.

1. How is the relation between difference types of ownership and the influence of different groups? How is the owners' governance of managers?

Sub-questions:

1a. Is there correspondence between the type of owners and their representation in the company boards.

1b. How strong is the managers' position in the board?

1c. How do the managers perceive the influence of different groups on different decision areas both covering operational and the strategic decision levels?

1.d To what degree are the employees members of unions?

1 e. What are the most important channels for employee influence?

2. How do the compensation systems for managers and other employees vary with the different type of ownership structures?

3. Do the degree and type of restructuring vary over time and between the different types of ownership?

2. The Latvian Manager Survey

The survey was performed in March 1997 by interviewers from the Central Statistical Bureau of Latvia. The instrument was designed by Niels Mygind and pilots for a similar scheme had earlier been performed in Estonia. The instrument was translated into Latvian. The English version is enclosed in appendix 1. The instrument includes 23 main questions, often divided in sub-questions (total 86) and most of these divided on four years 1993, 94, 95 and 96. So in total there are 273 entries for the enterprises being able to answer all questions for all years.

The sample was chosen through the following procedure: For the year 1994 we got a large sample of 5589 enterprises including a few key variables: branch, locality, ownership (state, foreign, domestic outsiders, insiders), employment. This sample was close to total for enterprises with 20 or more employees and representative for the smaller ones. From this sample was constructed a sub-sample of 685 enterprises with 20 or more employees in 1994 in specific sub-sectors spread over the whole economy. The number of state owned and foreign owned companies were over-represented to make it possible to compare different types of ownership structures. From this sample 298 enterprises also existing in 1995 were chosen. When the survey was performed 42 enterprises had stopped and 8 shifted address. Of the remaining 248, 67% or 167 enterprises responded. The questionnaires were sent to the top-managers, but most interviews were done on location and some by phone.

In the following overview over the results we have for a few of the questions included some information from earlier surveys done by the Statistical Bureau of Latvia. The report follows roughly the order of questions in the survey-scheme. However, first we give an overview over the data set and the distribution on privatized/newly started, majority ownership, size and branch. The ownership structure is used in many of the following tables showing the relation between different variables and ownership. Then we look at the management and board structure seen in relation to the ownership structure. In the following section we look at the different compensation systems used in the different companies. Then we report the different types of restructuring. Finally we look at labor-management relations and the control-structure in the company as perceived by the respondent - typically the top-manager of the enterprise.

Much of the information included in the survey will be more deeply analyzed in later econometric studies. This paper is written to give an overview over preliminary results and to make a comparison with similar surveys for Estonia and Lithuania.

3. Privatization, Ownershipstructure, Size and Branch.

Table Q.19-20 Ownership, privatization/new started, branch groups

\ownership frequency and row%	state majority	foreign majority	domestic majority	manager majority	employee majority	no majority	total	privatized	new
ultimo 1993	37 (24)	7 (4)	32 (20)	35 (22)	34 (22)	12 (8)	157 (100)	56 (36)	64 (40)
ultimo 1994	28 (17)	12 (7)	36 (22)	41 (25)	37 (23)	9 (6)	163 (100)	65 (40)	70 (43)
ultimo 1995	24 (15)	13 (8)	37 (23)	45 (27)	31 (19)	13 (8)	164 (100)	69 (42)	71 (43)
ultimo 1996	20 (12)	13 (8)	35 (21)	50 (30)	32 (20)	14 (9)	164 (100)	73 (45)	71 (43)
Branch 1996									
agriculture & fishing	6	0	12	4	14	2	38	27	5
mining, wood, chemicals	3	1	0	2	0	0	6	2	1
manufacturing	9	5	17	20	15	7	73	30	35
construction	0	4	0	7	2	1	14	3	11
trade	1	3	4	7	1	3	19	4	14
hotels & restaurants	0	0	1	4	0	0	5	1	3
transport,communication	1	0	1	6	0	1	9	6	2

The ownership structure taken from Q20 has been adjusted for a few enterprises using other available data. Still for 3 enterprises it was not possible to identify the ownership structure. Therefore, most tables include 164 enterprises for 1996.

Table Q19-20.2 Ownership on privatization/new - 1996

\majority ownership	state majority	foreign majority	domestic majority	manager majority	employee majority	no majority	total
privatized	0	3	21	18	27	4	73
new started	0	10	14	32	5	10	71
state owned ultimo 1996	20	0	0	0	0	0	20

A high proportion of the foreign owned enterprises and no majority firms are newly started, while especially majority employee ownership are strongly

connected with privatization. Managerial ownership is more connected to new firms while domestic external ownership is more related to privatization.

Table Q21 Number of employed persons ultimo

\ownership	state majority	foreign majority	domestic majority	manager majority	employee	no majority	total	privatized	new
average per enterprise									
total number of employees									
(N=129) 1993	201	103	118	58	237	59	138	211	55
(N=151) 1994	195	86	117	61	173	59	122	167	58
(N=156) 1995	195	95	105	62	162	65	111	141	59
(N=159) 1996	179	92	94	58	156	78	103	128	58
number of managers 1996	19	5	9	6	11	4	9	11	4
other employees 1996	160	86	85	52	145	74	95	117	54
employees 1996 1-19	0	1	1	5	3	2	12	4	8
20-49	4	3	16	22	9	4	58	23	33
50-99	4	4	6	15	6	4	39	18	16
100-199	6	3	4	6	8	3	30	14	10
200-	4	1	6	1	6	1	19	13	2
N	18	12	33	49	32	14	158	72	69

State owned enterprises and employee owned enterprises are typically quite large while on the other hand managerial ownership and no majority is connected to smaller enterprises. Foreign and domestic external ownership have an employment around the average for the total sample. Not surprisingly are new companies normally smaller than privatized companies. However, it is worth noting that some privatized enterprises are quite small, less than 50 (37%) and some new are large, with 50 or more employees (39%). This indicates a considerable lack of validity in studies like the World Bank (2002), which make the distinction between new and privatized only based on the number of employees.

Concerning table Q22-23, note first, that the response-rate concerning minority employee ownership is relatively low (for 1996: 96/164=59%, compare the N with the frequency in table Q.19-20). The response-rate is lowest for state and foreign ownership (around 30%). It is 48% for management ownership and quite high for employee, domestic and no majority ownership. Most of the non-responses can be considered to be 0. However, also some are missing because of

other reasons - employee-majority has not a 100% response rate. The results indicate that minority employee ownership is least frequent in state- and foreign-majority enterprises and most frequent in domestic and non-majority enterprises.

Table Q22-23 Distribution of ownership on employees

\ ownership average per enterprise	state majority	foreign majority	domestic majority	manager majority	employee majority	no majority	total	priva-tized	new
% nonowning employees									
1993 N	82 (7)	70 (4)	52 (23)	85 (15)	41 (27)	62 (6)	58 (82)	45 (42)	70 (33)
1994 N	80 (7)	78 (5)	46 (27)	89 (17)	43 (25)	64 (8)	60 (89)	48 (48)	71 (34)
1995 N	76 (8)	79 (5)	47 (27)	84 (18)	41 (26)	67 (9)	59 (93)	46 (50)	72 (35)
1996 N	87 (6)	79 (4)	51 (26)	80 (24)	46 (26)	63 (10)	61 (96)	50 (54)	75 (36)
response- rate pct	30	31	74	48	81	71	59	74	51
distribution of shares on employee owners ultimo 1996									
rather equal (Pct)	1 (100)	4 (57)	13 (46)	25 (59)	11 (36)	6 (46)	60 (50)	23 (37)	36 (62)
unequal (more than 1:2) (Pct)	0 (0)	0 (0)	8 (29)	5 (12)	14 (47)	4 (31)	31 (25)	23 (37)	8 (14)
very unequal (> 1:10) (Pct)	0 (0)	3 (43)	7 (25)	12 (29)	5 (17)	3 (23)	30 (25)	16 (26)	14 (24)
N (Pct)	1 (100)	7 (100)	28 (100)	42 (100)	30 (100)	13 (100)	121 (100)	62 (100)	58 (100)

Check: only employees (not managers). Q22C ??

Make also table for total insider owners. Q22A and Q22B managers.**

This tendency is also confirmed by the fact that the average percentage of non-owning employees is highest for state and foreign and also for manager ownership. It is quite low for domestic externally owned enterprises. This indicates that some of the external owners might be former employees and corresponds to similar findings for Estonia (Kalmi 2002). The lowest percentage of non-owning employees is found in enterprises with employee majority ownership. Finally the last columns show that there are more employee owners in privatized enterprises compared with new started.

Looking at the distribution among the employee owners it is striking that the employee owned enterprises are mainly found in the middle category while it has the lowest frequency for both the categories of "rather equal" and "very unequal" distribution. The explanation might be that in employee owned enterprises there are more owners and more shares owned by employees opening up for a wide specter in and thus higher in-equality in the distribution of shares. Employee ownership includes a broad group of employees owning quite small

shareholdings.

4. Board structure and management

Table Q1A Who appointed top-management (frequency and column %)

\ ownership 1996 manager appointed by	state majority	foreign majority	domestic majority	manager majority	employee majority	no majority	total	priv	new
state authority	17 (85)	0 (0)	0 (0)	1 (2)	0 (0)	0 (0)	18 (11)	0 (0)	1*
labor collective	0 (0)	2 (17)	4 (11)	5 (10)	5 (16)	1 (7)	17 (10)	12 (17)	5 (7)
shareholders	1 (5)	3 (25)	19 (54)	15 (30)	19 (61)	7 (50)	64 (39)	36 (50)	27 (38)
company board	1 (5)	5 (42)	6 (17)	17 (34)	5 (16)	3 (21)	37 (23)	13 (18)	23 (32)
other	1 (5)	2 (17)	6 (17)	12 (24)	3 (9)	3 (21)	28 (17)	11 (15)	15 (21)
total N	20 (100)	12 (100)	35 (100)	50 (100)	32 (100)	14 (100)	163 (100)	72 (100)	71 (100)

Not surprisingly 85% of the directors in the state owned companies are appointed by state ministry/administration (including the privatization agency). The shareholders and the board of directors are the dominating authorities for all other ownership structures. (The distinction between shareholders and the company board must be taken with some concern, since the latter body represents the former). In the employee owned companies the labor collective have some role although also here the shareholders meeting is by far the most important body for appointment.

The labor collective also has a stronger position in privatized compared to new started companies. Still the 5 cases of labor-collective appointed managers in new started companies are surprising. The labor-collective played a role in the early stages of the transition. However, these responses could indicate that some of companies indicated as started as new private firms belong to the insider owned “new cooperatives” started in the end of the 1980es or the very early 1990es. **check the year of establishment.

Table Q1.B When was topmanagement appointed (frequency and column %)

\ownership 1996 manager appointment	state majority	foreign majority	domestic majority	manager majority	employee majority	no majority	total	priva- tized	new
-1989	4 (20)	1 (8)	0 (0)	5 (10)	1 (3)	0 (0)	11 (7)	4 (6)	3 (4)
1991	2 (10)	2 (15)	1 (3)	6 (12)	0 (0)	3 (21)	14 (9)	2 (3)	10 (14)
1992	3 (15)	1 (8)	6 (17)	15 (30)	7 (22)	2 (14)	34 (21)	17 (24)	14 (19)
1993	4 (20)	4 (31)	19 (54)	12 (24)	7 (22)	6 (43)	52 (32)	25 (35)	23 (32)
1994	2 (10)	2 (15)	5 (14)	9 (18)	5 (16)	0 (0)	23 (14)	10 (14)	11 (15)
1995	5 (25)	3 (23)	4 (11)	3 (6)	12 (39)	3 (21)	30 (19)	15 (21)	10 (14)
total N	20 (100)	13 (100)	35 (100)	50 (100)	32 (100)	14 (100)	164 (100)	73 (100)	71 (100)

It is noteworthy that not only in the new started companies, but also in privatized companies quite few managers have been appointed before the basic change in 1991. Quite many managers of new companies were appointed in 1991 probably in the year of establishment. State owned companies have the highest proportion of the Aold@ managers appointed 1991 or before, while domestic externally owned and employee owned (!) have appointed all managers except one in 1992 or later. For domestic externally owned the shift of managers took especially place in 1993 and for employee owned in 1995. This indicates a more active monitoring of managers than expected in these companies.

(note, interesting to analyze in relation to year of privatization/establishment
 ** make a matrix table for each owner category (except state) and for priv/new).
 If there is high correspondance I will only include the tables for private and new in the text.

Table Q2.1-93 Composition of company board 1993 on 1993 ownership

\ ownership 1993 average % of seats to representatives from:	state	foreign	domes- tic	mana- ger	em- ployee	no ma- jority	total	priva- tized	new
state/municipal	0	0	7	2	2	13	4	4	5
foreign	0	58	4	6	0	8	6	1	13
domestic external owner	0	17	21	13	2	5	10	10	12
managers	81	25	47	73	52	45	54	52	55
other employees	19	0	20	6	44	31	26	33	15
total	100	100	100	100	100	100	100	100	100
total N with seats > 1	3	4	25	18	30	8	88	49	36
average number of seats	3	3	7	5	8	6	6	7	5
N seats = 0 / no answer	20	6	10	25	6	6	73	20	33

Table Q2.1-96 Composition of company board 1996 on 1996 ownership

\ ownership 1996 average % of seats to representatives from:	state	foreign	dom.	mana- ger	em- ployee	no ma- jority	total	priva- tized	new
state/municipal	33	0	5	3	2	12	5	4	4
foreign	0	46	2	6	0	6	6	2	12
domestic external owner	5	14	24	16	4	22	16	15	18
managers	63	31	51	64	53	44	53	53	52
other employees	0	9	18	11	40	16	20	26	14
total	100	100	100	100	100	100	100	100	100
total N with seats > 1	4	9	30	32	31	10	116	66	46
average number of seats	5	5	7	5	7	5	6	6	5
N seats = 0 or no answer	16	4	5	6	1	4	46	5	25

Two enterprises have answered 1 person in the board (the manager), both these case are majority management owned and are not included.

Managers seem to have a quite strong presence in the company boards in all types of ownership structures with the lowest proportion in foreign owned enterprises and the highest in state and management owned enterprises. The state on the other hand has the lowest representation. However, note, that the number of state enterprises with company boards is quite low. Foreign owners are strongly represented in foreign owned companies, but domestic external owners are only represented by less than a quarter of the seats even in domestic externally owned companies. Other employees are represented by 40% in companies with employee majority ownership only passed by management representatives. There are no significant differences between privatized and new companies except foreign representatives are more frequent in new enterprises.

Table Q2.2-93 and -96 represent matrices combining the majority of board representation with majority ownership. We have only been able to include the cases with company boards. The shaded diagonal describes the situation where majority ownership follows majority board control. For 1993 there is a direct connection for 34 out of the 80 cases with majority ownership (43%). For 1996 it is 41 out of 108 (38%). (This includes 2 cases of management ownership with 1 manager in the "board"). The correspondence is especially strong for management ownership with $13/18 = 72\%$ in 1993 falling to 50% in 1996, for employee ownership it is 53% in 1993 falling to 48% in 1996, and for foreign 50% in 1993 and 47% in 1996. However, for state ownership there is no cases of majority of public representatives and for domestic external ownership the figures are as low as 12% and 17%. In most cases where the majority owner does not have majority in the board instead the managers dominates the board. This is especially the case for state, domestic external and employee majority ownership, and it indicates that the governance problem between owners and managers are most important in these ownership types.

Table Q2.2-93 Board majority on ownership majority 1993 - seats > 1

\ ownership 1993 majority board 1993	state	foreign	dom.	mana- ger	em- ployee	no maj.	total	priv	new
state/municipal	0	0	1	0	0	1	2	1	1
foreign	0	2	1	1	0	1	5	0	5
domestic external owner	0	0	3	2	0	0	5	3	2
managers	2	1	11	13	12	3	42	23	17
other employees	1	0	4	0	16	3	24	18	5
no majority	0	1	5	2	2	0	10	4	6
total	3	4	25	18	30	8	88	49	36

Table Q2.2-96 Board majority on ownership majority 1996 - seats > 1

\ majority ownership majority board 1996	state	foreign	domes- tic	mana- ger	em- ployee	no majo- rity	total	priva- tized	new
state/municipal	0	0	0	0	0	1	1	0	1
foreign	0	4	0	2	0	1	7	1	6
domestic external owner	0	0	5	5	1	1	12	8	4
managers	3	2	12	17	13	5	54	28	21
other employees	0	1	3	2	15	1	22	17	5
no majority	1	2	10	6	2	1	21	12	9
total	4	9	30	34	31	10	118	68	46

2 cases with boards of 1 member (the manager) included for management majority.

Table Q3.1 Manager compensation depending on company results

frequency (percentage)	1993	1994	1995	1996
A. depend on results	53 (38)	65 (41)	69 (43)	71 (43)
N	138 (100)	158 (100)	162 (100)	166 (100)
B. depending on profit	23 (42)	27 (40)	28 (40)	31 (43)
depending on sales	15 (27)	20 (30)	23 (33)	21 (29)
other	17 (31)	20 (30)	19 (27)	20 (28)
N	55 (100)	67 (100)	70 (100)	72 (100)
C. 0% of total pay	104 (67)	98 (61)	95 (59)	94 (58)
0-49% of total pay	16 (10)	14 (8)	13 (8)	13 (8)
50-99% of total pay	8 (5)	14 (8)	17 (10)	17 (10)
100% of total pay	29 (18)	37 (22)	38 (23)	40 (24)
N	157 (100)	163 (100)	163 (100)	164 (100)

Over time there is a slight tendency for an increase in result-related compensation for management, from 38% in 1993 to 43% in 1996. There is no significant change in the criterion for the result-related pay. Around 40% of this depend on profits and around 30 depend on sales or Aother@. In most of the cases with result-related pay, it is 100% of the managers pay which is result-related. It increased from 18% of all cases in 1993 to 24% in 1996.

Table Q.3.2 Manager compensation depending on results - ownership 1996

\ownership frequency (%)	state	foreign	domestic	manager	employee	no majority	no answer	total	privatized	new
A. depend on results	8 (40)	5 (35)	14 (40)	24 (49)	14 (44)	6 (46)	0 (0)	71 (43)	30 (41)	33 (47)
N	20 (100)	13 (100)	35 (100)	50 (100)	32 (100)	14 (100)	1 (100)	164 (100)	73 (100)	71 (100)
B. depending on profit	3 (38)	4 (80)	9 (60)	10 (42)	1 (7)	4 (67)	0 (-)	31 (43)	10 (32)	18 (55)
depending on sales	2 (25)	1 (20)	3 (20)	7 (29)	8 (57)	0 (0)	0 (-)	21 (29)	11 (35)	8 (24)
other	3 (38)	0 (0)	3 (20)	7 (29)	5 (36)	2 (33)	0 (-)	20 (28)	10 (32)	7 (21)
N	8 (100)	5 (100)	15 (100)	24 (100)	14 (100)	6 (100)	0 (-)	72 (100)	31 (100)	33 (100)
C. 0% of total pay	12 (60)	9 (71)	22 (63)	26 (52)	16 (53)	8 (54)	1 (100)	94 (58)	43 (59)	39 (55)
0-49% of total pay	0 (0)	1 (7)	1 (3)	4 (8)	5 (16)	2 (15)	0 (0)	13 (8)	6 (8)	7 (10)
50-99% of total pay	4 (20)	3 (21)	4 (11)	4 (8)	1 (3)	1 (8)	0 (0)	17 (10)	6 (8)	7 (10)
100% of total pay	4 (20)	0 (0)	8 (23)	16 (32)	9 (28)	3 (23)	0 (0)	40 (24)	18 (25)	18 (25)
N	20 (100)	13 (100)	35 (100)	50 (100)	31 (100)	14 (100)	1 (100)	164 (100)	73 (100)	71 (100)

It is difficult to make strict conclusions on the dependence of result-related pay on ownership because the numbers are relatively small. The variation between different types of ownership is small with a range from 35% to 49%. Not surprisingly, the percentage of result-related pay is highest for management ownership. The highest dependence on profit is found in foreign owned companies. However, with 4 out of only 5 observations this cannot be taken as a strong tendency. Employee owned companies have management-payment connected to profit only for one case, but a quite high proportion of these enterprises have manager compensation related to sales. 28-33% of the insider owned companies have 100% of the manager-pay related to results. This is higher than the other categories, but the differences are not very significant. It is worth noting, that 100% of total pay is more frequent than lower percentages, and that even in 4 cases with state ownership management compensation are 100% based on performance. There is a remarkable similarity between privatized and new enterprises concerning result-related manager compensation.

6. Compensation system

Table Q5 Average monthly salary - over time

mean <i>standard deviation</i>	1993	1994	1995	1996
topmanager - Lats N	110 76 120	136 92 146	167 125 152	190 134 157
all employees - Lats N	52 28 129	62 32 153	75 40 158	78 36 163
the lowest paid employee - L N	26 13 119	30 17 142	35 18 148	39 14 154
topmanager/all employees	2.17 1.09	2.21 1.14	2.26 1.21	2.45 1.38
all employees/lowest paid	2.19 1.15	2.21 0.94	2.31 1.22	2.11 0.96
average grosswage for Latvia	47	72	90	99
average netwage for Latvia	41	60	73	79

The response rate has been relatively high. It was highest for the question on salary for all employees. Compared to the official average wage.....

The pay for the lowest employee is very low even for Latvian standards..... but although we asked about full time wage, the responses may cover part time employees.

The average monthly salary has increased with 50% from 1993 to 1996. For Topmanagers the increase has been 73%. The topmanagers salary has increased from 2.17 to 2.45 times the average salary, which has been more stable around 2.2 times the lowest paid worker. Note, that the standard deviations are relatively high for all observations.

Table Q.5-96 Average monthly salary on ownership - 1996

\majority ownership Lats	state	foreign	domestic	manager	employee	no majority	total	privatized	new
topmanager - mean	272	221	214	142	182	164	190	195	157
standard deviation	168	171	145	96	118	118	134	142	100
N	20	10	32	49	29	14	164	73	71
all employees, mean	88	102	76	67	81	80	78	77	77
standard deviation	29	60	26	28	43	35	36	32	41
N	20	13	32	50	30	14	160	71	69
lowest paid employee	40	46	39	38	37	43	39	39	40
standard deviation	8	17	12	14	13	18	14	12	16
N	19	12	31	46	28	14	151	68	64
topmanager/employees	3.12	2.52	2.80	2.12	2.23	2.01	2.45	2.42	2.22
standard deviation	1.76	1.94	1.53	1.27	0.83	0.72	1.38	1.15	1.42
average/lowest paid	2.11	2.40	2.01	1.86	2.35	1.94	2.11	2.07	2.05
standard deviation	0.53	1.32	0.65	0.68	0.90	0.68	0.96	0.72	0.92

It is striking that the monthly salary for top-managers is relatively low in management owned enterprises. However, this might be because result-related pay are not included, and that the result are ploughed back into the company without showing a flow of income for the manager. Another important factor is the fact, that manager owned enterprises (and no majority enterprises) on average are smaller than the rest of the group. The average salary for all employees is, however, the highest for foreign ownership and again the lowest for managerial ownership. Foreign ownership is significantly over the average level while employee ownership follows the average. There are no significant differences between privatized and new companies except that management salary is higher for privatized, but also larger enterprises.

The relatively high proportion between management pay and the pay for other employees in state owned enterprises might be explained with their relatively large size. However, employee owned enterprises were nearly as large on average and here the proportion between the managers' wage and the wage for other employees is significantly lower.

Table Q6-7-8 Form of payment for employees - over time

frequency (percentage)	1993	1994	1995	1996
hourly time rate	34 (25)	39 (25)	35 (22)	36 (22)
weekly/monthly time rate	24 (18)	30 (19)	32 (20)	33 (20)
piece rate	72 (53)	81 (52)	86 (53)	85 (53)
other	7 (5)	7 (4)	8 (5)	8 (5)
N	137 (100)	157 (100)	161 (100)	162 (100)
profit sharing	7 (6)	6 (4)	9 (6)	10 (7)
N	123 (100)	142 (100)	146 (100)	149 (100)
monetary incentive scheme	32 (28)	32 (24)	31 (22)	29 (20)
N	115 (100)	135 (100)	139 (100)	143 (100)
non-monetary benefits	4 (5)	5 (6)	6 (7)	9 (9)
N	79 (100)	83 (100)	89 (100)	94 (100)

Table Q6-7-8.2 Form of payment for employees - on ownership - 1996

\majority ownership	State	foreign	dom.	mana-ger	employ-ee	no ma-jority	total	priva-tized	new
hourly time rate	7 (35)	2 (15)	9 (27)	8 (16)	7 (22)	3 (21)	36 (22)	16 (22)	13 (19)
weekly/monthly rate	3 (15)	2 (15)	3 (9)	17 (34)	4 (13)	4 (29)	33 (20)	12 (17)	18 (26)
piece rate	10 (50)	6 (46)	18 (55)	24 (48)	20 (63)	7 (50)	85 (52)	42 (58)	33 (47)
other	0 (0)	3 (23)	3 (9)	1 (2)	1 (3)	0 (0)	8 (5)	2 (3)	6 (9)
N	20	13	33	50	32	14	162	72	70
profit sharing	2 (11)	0 (0)	1 (3)	0 (0)	5 (18)	2 (16)	10 (7)	5 (8)	3 (4)
N	18	11	30	49	28	12	149	66	65
monetary incentive scheme	8 (44)	2 (20)	9 (29)	5 (12)	2 (8)	2 (14)	29 (20)	9 (14)	12 (19)
N	18	10	31	43	26	14	143	63	62
non-monetary benefits	3 (20)	1 (13)	2 (13)	1 (3)	2 (13)	0 (0)	9 (9)	5 (7)	1 (1)
N	15	8	16	30	15	10	94	73	71

Compensation systems in the form of piece rate is prevailing in a little more than 50% of the enterprises, and this is remarkably stable over time. Profit sharing is only reported in 5-7% of the enterprises. Monetary incentive schemes are used in about a quarter of the enterprises, however, the percentage is falling over time from 28% in 1993 to 20% in 1996. Non-monetary benefits are quite rare although the frequency has increased slightly over time. In 1996 it is found in all 5 major owner-groups. The percentage of production worker earnings paid in

non-monetary benefits was 5-25% in the companies with this type of benefits. Table Q6-7-8.2 shows that there is no significant variation of the forms of payment on ownership or on privatized/new.

8. Restructuring

Table Q4.1 Restructuring of organizational structure - over time

frequency (percentage)	1993	1994	1995	1996	1993-96*
changed no. of departments N	6 (5) 128	10 (7) 145	12 (8) 148	12 (8) 153	20 (12) 162
changed hierachical level N	8 (7) 124	11 (8) 139	9 (6) 142	12 (8) 148	19 (12) 162
sold/closed part of company N	23 (18) 131	31 (21) 147	30 (20) 150	34 (21) 156	57 (35) 162
included new units N	11 (9) 127	16 (11) 143	21 (14) 146	25 (17) 151	41 (26) 162
some organizational change N	34 (25) 134	51 (33) 153	56 (37) 155	62 (38) 161	90 (55) 162

*At least one change in the period. Enterprises with several changes count only for one change.

Over time there is a slight increase in the number of changes especially from 1993 to 1994. The main type of change concerns selling/closure or start of units.

Table Q4.2 Restructuring of organization 1993-96 - on ownership1996

\majority ownership	state	foreign	domes- tic	mana- ger	em- ployee	no ma- jority	total	priva- tized	new
changed no. of departments N	3 (15) 20	2 (15) 13	4 (12) 34	6 (12) 50	3 (10) 31	2 (14) 14	20 (12) 2	7 (10) 72	10 (14) 70
changed hierarchical level N	3 (15) 20	1 (8) 13	5 (15) 34	5 (10) 50	2 (6) 31	3 (21) 14	19 (12) 162	10 (14) 72	6 (9) 70
sold/closed part of firm N	8 (40) 20	4 (31) 13	18 (53) 34	13 (26) 50	8 (26) 31	6 (43) 14	57 (35) 162	26 (36) 72	23 (33) 70
included new units N	1 (5) 20	4 (31) 13	14 (41) 34	11 (22) 50	4 (13) 31	7 (50) 14	41 (25) 162	20 (28) 72	20 (29) 70
some organizational change N	11 (55) 20	8 (62) 13	27 (77) 35	22 (44) 50	13 (41) 31	9 (64) 14	90 (55) 162	40 (55) 72	39 (55) 70

The difference between owner groups is modest. Insider owned enterprises are in the lower end concerning organizational change, while externally domestic owned enterprises have the highest frequency of changes. Foreign and no-majority firms are also over the average rate of change. The differences are mainly on exclusion/inclusion of units in the company. State owned enterprises

have changed around the average, but are mainly active in selling off units. There is a high degree of similarity between privatized and new enterprises. However, establishing a new enterprise is itself a major change, and you would expect new enterprises to have a lower frequency of change after this initial step. But the numbers indicate that restructuring is quite intense in new enterprises – probably related to high growth.

Table Q9.1 Importance of investment finance - on ownership - 1993

\majority ownership frequency:1 high 8 low	state	foreign	domestic	manager	employee	no majority	total	privatized	new	
savings inside company	1 2-3 4-7 8 N	7 28 4 16 0 0 14 56 25	2 29 1 14 2 29 2 29 7	13 40 5 16 0 0 14 44 32	14 45 7 23 1 3 9 29 31	18 64 0 0 0 0 11 36 28	4 40 3 30 3 30 0 0 10	57 43 20 15 3 2 53 40 133	27 54 5 10 0 0 17 36 49	23 39 11 19 3 5 22 37 59
extra capital from the owners	1 2-3 4-7 8 N	0 0 1 4 0 0 23 96 24	3 43 0 0 0 0 4 57 7	2 6 5 16 3 9 22 69 32	6 19 6 19 5 16 13 45 30	2 7 3 11 0 0 21 82 26	1 10 3 30 0 0 6 60 10	14 10 18 13 8 6 89 70 129	3 6 8 16 1 2 35 76 47	11 19 9 15 7 12 31 54 58
allocation by the government	1 2-3 4-7 8 N	1 4 2 8 0 0 21 88 24	0 0 0 0 0 0 6 100 6	0 0 2 6 2 6 28 88 32	0 0 3 10 0 0 27 90 30	0 0 4 14 1 4 22 82 27	0 0 0 0 0 0 9 100 9	1 1 11 8 3 2 119 89 128	0 0 4 8 1 2 41 90 46	0 0 5 8 2 3 51 88 58
loans from banks /investment funds	1 2-3 4-7 8 N	2 8 3 12 0 0 19 80 24	1 17 0 0 0 0 5 83 6	2 6 8 25 1 3 21 66 32	5 16 4 13 4 13 18 58 31	0 0 0 0 2 8 24 92 26	1 11 0 0 0 0 8 89 9	11 8 15 11 7 5 95 75 128	1 2 5 10 2 4 38 84 46	8 14 7 12 5 8 38 66 58
domestic private capital	1 2-3 4-7 8 N	1 4 0 0 0 0 23 96 24	0 0 1 14 0 0 5 86 6	5 16 2 6 1 3 24 75 32	0 0 2 7 4 14 23 79 29	1 4 2 7 0 0 24 89 27	1 11 0 0 0 0 8 89 9	8 6 9 7 3 2 107 85 127	4 8 2 4 0 0 40 88 46	3 5 7 12 3 5 44 78 57
foreign private capital	1 2-3 4-7 8 N	0 0 0 0 0 0 23 100 23	1 17 0 0 0 0 5 83 6	0 0 2 0 2 6 30 94 32	1 3 1 3 3 10 24 84 29	0 0 0 0 1 5 25 95 26	0 0 0 0 0 0 9 100 9	2 1 1 1 6 4 116 93 134	0 0 0 0 0 0 45 100 45	2 3 1 2 6 10 48 85 57
investment by other establishments	1 2-3 4-7 8 N	0 0 1 5 0 0 23 95 24	0 0 0 0 0 0 6 100 6	1 3 2 6 2 6 27 84 32	0 0 2 7 4 13 24 80 30	0 0 2 8 1 4 23 88 26	0 0 0 0 0 0 9 100 9	1 1 7 6 7 6 112 87 127	1 2 2 4 1 2 41 92 45	0 0 4 7 6 10 48 83 58
average importance (same N as above)										
savings inside company	5.12 4.86 4.28 3.42 3.50 4.10 4.14 3.64 4.10									
extra capital from owners	7.76 5.00 6.34 5.19 6.77 5.50 6.33 6.58 5.51									
government allocation	7.24 8.00 7.56 7.42 7.11 8.00 7.44 7.50 7.47									
loans from banks	6.76 7.00 6.03 5.84 7.85 7.30 6.61 7.20 6.17									
domestic private capital	7.72 7.14 6.44 7.23 7.33 7.30 7.15 7.20 6.90									
foreign private capital	8.00 7.00 7.84 7.42 7.92 8.00 7.7 8.00 7.46									

investment by other units	7.76	8.00	7.31	7.42	7.38	8.00	7.53	7.60	7.39
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Missing values included as A not used@ (weight 8) if there are other responses for that enterprise that year.

Table Q9.2 Importance of investment finance - on ownership - 1996

\majority ownership frequency: 1 high 8 low	state	foreign	dom.	mana- ger	em- ployee	no maj.	total	priv	new	
savings inside company	1 2-3 4-7 8 N	8 44 4 22 0 0 6 34 18	5 39 1 8 1 8 6 46 13	19 54 5 14 0 0 11 31 35	27 54 9 18 1 2 13 26 50	20 69 1 3 0 0 8 28 29	3 23 4 31 1 8 5 39 13	83 53 24 15 3 2 49 31 158	40 57 8 12 1 1 20 30 69	35 49 12 17 2 3 22 31 71
extra capital from the owners	1 2-3 4-7 8 N	0 0 0 0 0 0 16 100 16	3 23 0 0 2 16 7 62 12	2 6 6 17 0 0 27 77 35	4 8 13 26 4 8 27 58 48	0 0 4 14 0 0 23 86 27	2 15 5 38 0 0 6 46 13	11 7 28 19 6 4 106 70 151	2 3 11 16 1 1 52 80 66	9 13 17 24 5 7 38 57 69
allocation by the government	1 2-3 4-7 8 N	1 6 1 6 0 0 14 16 16	0 0 1 8 0 0 12 82 13	0 0 3 9 0 0 32 91 35	0 0 2 4 2 4 44 92 48	0 0 5 17 1 4 22 79 28	0 0 1 8 1 8 10 83 12	1 1 13 9 4 3 133 88 151	0 0 9 13 1 1 56 86 66	0 0 3 4 3 4 63 82 69
loans from banks and investment funds	1 2-3 4-7 8 N	2 11 2 11 0 0 12 78 16	0 0 3 23 0 0 9 77 12	6 17 3 9 2 6 24 69 35	5 10 7 14 6 12 31 64 49	0 0 1 3 2 7 24 90 27	2 15 0 0 1 8 9 77 12	15 10 16 11 11 7 109 72 151	7 10 3 4 2 3 54 83 66	6 8 11 15 9 13 43 63 69
domestic private capital	1 2-3 4-7 8 N	0 0 0 0 0 0 16 100 16	0 0 2 15 0 0 10 89 12	2 6 2 6 0 0 31 89 35	1 2 6 12 4 8 36 78 47	2 7 1 3 0 0 25 90 28	2 15 1 8 0 0 9 77 13	7 5 12 8 4 3 127 85 150	4 6 3 4 1 1 58 89 66	3 4 9 13 3 4 53 79 68
foreign private capital	1 2-3 4-7 8 N	0 0 0 0 0 0 16 100 16	2 15 2 15 1 8 9 62 12	0 0 0 0 0 0 35 100 35	2 4 2 4 4 8 36 84 47	0 0 0 0 0 0 28 100 28	0 0 4 3 1 8 11 92 12	4 3 4 3 6 4 135 89 150	0 0 0 0 0 0 65 100 65	4 6 4 6 6 8 54 80 68
investment by other establishments	1 2-3 4-7 8 N	0 0 0 0 0 0 16 100 16	0 0 1 8 1 8 10 85 12	0 0 1 3 0 0 34 97 35	0 0 1 2 6 12 41 86 48	0 0 3 7 0 0 24 93 27	0 0 1 8 1 8 10 85 12	0 0 7 5 8 5 135 90 150	0 0 4 6 0 0 61 94 65	0 0 3 4 8 11 58 85 69
average importance (same N as above)										
savings inside company		3.61	4.77	3.34	3.16	3.03	4.31	3.40	3.27	3.54
extra capital from owners		8.00	6.00	6.57	5.82	7.11	4.69	6.36	6.87	5.56
allocation by government		7.28	7.54	7.49	7.72	6.89	7.46	7.42	7.21	7.70
loans from banks		5.56	6.77	6.23	6.2	7.70	6.69	6.50	7.01	6.25

domestic private capital	8.00	7.08	7.29	7.08	7.29	6.54	7.20	7.34	6.93
foreign private capital	8.00	5.77	8.00	7.30	8.00	7.85	7.57	8.00	7.07
investment by other units	8.00	7.38	7.83	7.58	7.33	7.23	7.54	7.66	7.45

Missing values included as A not used@ (weight 8) if there are other responses for that enterprise that year.

There is a clear tendency for all enterprises and for both years that internal savings are the main source for investment. However, it is especially pronounced for employee owned enterprises and also for management owned enterprises while somewhat less pronounced for foreign and state in 1993 and foreign and no majority in 1996.

Extra capital from the owners play an important role for foreign, managerial and no majority enterprises. Allocation from public sources is important only in very few cases mainly to be found in state and employee owned enterprises. Loans from banks have some importance for all groups with employee owned enterprises as a clear exception, only reporting 1 case in category 2-3 for the two years. Foreign private capital and investments by other establishments are not important for any of the groups.

There are only minor differences between privatized and new enterprises. Privatized firms rely a little more on own savings and new get a little more extra capital from their owners and from banks.

Table Q.10.1 Sources of material inputs on ownership - over time

\majority ownership importance from 1 to 4	state	foreign	dom.	mana-ger	em-ployee	no ma-jority	total	priv	new
from Eastern Europe 1993	3.38	4.00	3.55	3.19	3.38	3.64	3.43	3.47	3.41
1994	3.54	3.64	3.56	3.38	3.29	3.75	3.46	3.38	3.51
1995	3.67	3.69	3.62	3.32	3.52	3.31	3.50	3.44	3.51
1996	3.37	3.69	3.54	3.46	3.53	3.43	3.50	3.46	3.56
from West Europe 1993	3.46	3.14	3.48	3.26	3.66	3.27	3.43	3.63	3.24
1994	3.50	3.09	3.42	3.03	3.53	3.38	3.33	3.52	3.10
1995	3.38	3.00	3.27	2.91	3.48	3.23	3.20	3.39	2.96
1996	3.11	3.00	3.17	2.88	3.40	3.21	3.11	3.32	2.89
domestic 1993	1.71	1.57	1.23	1.55	1.31	2.18	1.50	1.45	1.47
1994	1.83	1.64	1.50	1.50	1.38	2.13	1.57	1.47	1.57
1995	1.52	1.62	1.49	1.66	1.38	1.92	1.57	1.55	1.6
1996	1.53	1.62	1.34	1.66	1.27	2.07	1.53	1.49	1.58
N 1993	24	7	31	31	29	11	133	51	58
1994	24	11	36	40	33	8	153	60	69
1995	21	13	37	44	28	13	157	66	70
1996	19	13	35	50	29	14	161	71	71

Missing values included as Anot used@ (weight 4) if there are other response for that enterprise that year.

There is no clear tendency concerning imports from Eastern Europe and domestic inputs. However, for imports from Western Europe there is a clear increasing tendency over time. This is especially the case for insider owned enterprises. Still in 1996 employee owned enterprises have the highest dependence on domestic inputs, while manager owned enterprises together with foreign enterprises are mostly oriented toward sourcing from Western Europe. New enterprises are slightly more oriented towards Western inputs than it is the case for privatized enterprises. These tendencies are also confirmed by table Q.10.2.

Table Q.10.2 Sources of material inputs on ownership - 1996

\majority ownership frequency: 1 (high) to 4	state	foreign	domestic	manager	employee	no majority	total	priv	new	
from Eastern Europe	1	2 (11)	1 (8)	0 (0)	4 (8)	0 (0)	1 (7)	8 (5)	2 (3)	4 (6)
	2	1 (5)	0 (0)	7 (20)	4 (8)	5 (17)	1 (7)	18 (11)	13 (18)	4 (6)
	3	4 (21)	1 (8)	2 (6)	7 (14)	4 (13)	3 (21)	21 (13)	6 (8)	11 (15)
(not used)	4	12 (63)	11 (85)	26 (74)	35 (70)	21 (73)	9 (65)	114 (71)	50 (71)	52 (73)
from Western Europe	1	2 (11)	3 (23)	2 (6)	8 (16)	3 (10)	1 (7)	19 (12)	5 (7)	12 (17)
	2	5 (26)	2 (15)	9 (26)	14 (28)	3 (10)	4 (29)	37 (23)	13 (18)	19 (27)
	3	1 (5)	0 (0)	5 (14)	4 (8)	3 (10)	0 (0)	13 (8)	7 (10)	5 (7)
(not used)	4	11 (58)	8 (62)	19 (54)	24 (48)	21 (73)	9 (64)	92 (57)	46 (65)	35 (49)
Domestic	1	14 (74)	9 (69)	30 (85)	34 (68)	26 (87)	8 (57)	121 (75)	56 (79)	51 (72)
	2	2 (11)	2 (15)	1 (3)	6 (12)	2 (7)	1 (7)	14 (9)	4 (6)	8 (11)
	3	1 (5)	0 (0)	1 (3)	3 (6)	0 (0)	1 (7)	6 (4)	2 (3)	3 (4)
(not used)	4	2 (11)	2 (15)	3 (9)	7 (14)	2 (7)	4 (29)	20 (12)	9 (13)	9 (13)
N		19	13	35	50	29	14	160	71	71

Missing values included as Anot used@ (weight 4) if there are other response for that enterprise that year.

Table Q.10.2 Export as % of turnover to East- and West - on ownership

\majority ownership export % of turnover	state	foreign	dom.	mana- ger	employ- ee	no maj.	total	priv	new
to Eastern Europe 1993	11	14	5	5	9	14	9	7	9
1994	11	29	11	11	8	0	11	7	15
1995	8	19	12	10	6	4	10	8	12
1996	10	10	11	9	5	2	8	6	9
To the West 1993	9	29	16	6	11	0	11	6	17
1994	8	30	11	17	13	0	14	6	22
1995	10	31	14	19	12	12	16	8	25
1996	8	28	16	15	16	20	16	10	24
Total export 1993	20	43	22	11	20	14	20	13	26
1994	19	59	33	29	21	0	25	13	37
1995	18	50	26	30	18	16	26	16	36
1996	18	37	27	24	21	23	24	16	34
N 1993	22	7	20	18	22	8	97	35	40
1994	21	10	23	26	25	6	111	41	49
1995	19	11	25	28	20	11	114	45	50
1996	15	11	25	36	21	11	119	51	53

Missing values included as 0 export to Eastern Europe, if the firm has responded on exports to Western Europe and the other way round.

Over time there is a tendency for increasing exports to the West, which corresponds with the development for the whole economy. Exports to Eastern Europe are slightly falling in relation to turnover. Foreign enterprises have significantly higher exports both to Western and Eastern markets. State owned enterprises have quite stable export ratios and they are quite low on Western exports. For insider owned enterprises exports have increased over the period, especially to Western markets. New enterprises have in general higher exports, especially to the West.

Table Q.13.A Average utilization of workforce - on ownership

\majority ownership	state	foreign	domestic	manager	employee	no majority	total	privatized	new	
utilization of workforce	1993 N	77 25	84 7	92 30	88 28	92 30	97 11	88 131	91 52	91 54
	1994 N	84 23	91 10	92 35	89 39	91 35	94 8	90 150	90 61	91 66
	1995 N	82 20	88 12	90 36	88 43	90 30	89 12	88 153	89 67	90 66
	1996 N	83 18	79 12	90 34	86 49	86 31	88 14	86 158	88 72	85 68
10-25%	1996	0 (0)	2 (17)	0 (0)	1 (2)	0 (0)	0 (0)	3 (2)	0 (0)	3 (0)
26-50%	1996	1 (6)	0 (0)	1 (3)	2 (4)	1 (3)	0 (0)	5 (3)	3 (6)	1 (4)
51-75%	1996	6 (33)	2 (17)	4 (12)	9 (18)	6 (19)	3 (21)	30 (19)	11 (33)	13 (15)
76-99%	1996	6 (33)	0 (0)	11 (32)	16 (33)	12 (39)	7 (50)	52 (33)	25 (33)	21 (35)
100%	1996	5 (28)	8 (67)	18 (53)	21 (43)	12 (39)	4 (29)	68 (42)	33 (28)	30 (46)
N	1996	18 (100)	12 (100)	34 (100)	49 (100)	31 (100)	14 (100)	158 (100)	72 (100)	68 (100)

The utilization of the workforce is relatively high for all owner groups. The lowest is state in 1993 caused by a few enterprises, which indicated 0 utilization. By 1996 there are no state enterprises in this category. However, 2 foreign owned enterprises and one managerial owned enterprise have a very low utilization of the workforce this year (10%). The utilization of the workforce is on the average for both management and employee owned enterprises for all four years.

Table Q.13.B Average utilization of plant and equipment - on ownership

\majority ownership	state	foreign	dom.	mana-ger	em-ployee	no ma-jority	total	priva-tized	new	
utilization of plant and equipment	1993 N	65 20	62 5	65 22	67 18	65 25	66 9	65 99	65 41	66 38
	1994 N	61 21	70 8	65 25	67 28	65 28	56 7	64 117	62 48	69 48
	1995 N	56 18	64 9	61 26	67 32	64 23	55 12	62 120	61 53	65 49
	1996 N	48 16	64 10	62 24	62 38	67 24	54 13	60 125	62 58	63 51
0%	1996	2 (13)	0 (0)	2 (8)	3 (8)	1 (4)	2 (15)	10 (8)	5 (9)	3 (6)
1-25%	1996	1 (6)	2 (20)	2 (8)	4 (11)	1 (4)	0 (0)	10 (8)	4 (7)	5 (10)
26-50%	1996	5 (31)	2 (20)	4 (17)	5 (13)	4 (17)	3 (23)	23 (18)	9 (16)	9 (18)
51-75%	1996	6 (38)	1 (10)	6 (25)	12 (32)	10 (39)	7 (54)	42 (34)	19 (33)	17 (33)
76-99%	1996	0 (0)	3 (30)	9 (38)	11 (29)	3 (13)	1 (8)	27 (22)	16 (28)	11 (22)
100%	1996	2 (13)	2 (20)	1 (4)	3 (8)	5 (22)	0 (0)	13 (10)	5 (9)	6 (12)
N	1996	16 (100)	10 (100)	24 (100)	38 (100)	24 (100)	13 (100)	125 (100)	58 (100)	51 (100)

The utilization of plant and equipment is relatively low for many of the enterprises and it is quite stable over time except for the state owned enterprises for which the average is falling. 10 enterprises answers 0% utilization in 1996 and only 13 use the capacity 100%. The most frequent range is 51-75%. It is surprising that new enterprises record just as low utilization as privatized enterprises indicating that they have bought too much capacity from the start.

Table Q.14.1 Investment in percent of fixed assets (primo) on ownership

\majority ownership		state	foreign	dom.	mana-ger	employ-ee	no maj.	total	priv	new
investment /fixed assets	1993	3	16	16	15	8	79	15	9	23
	N	15	2	22	21	21	4	85	32	38
	1994	2	28	24	38	63	11	33	45	34
	N	17	6	25	28	22	3	101	38	46
	1995	5	30	13	42	73	9	31	36	37
	N	18	8	27	33	19	9	114	45	51
	1996	2	74	31	66	168	31	66	78	71
	N	14	8	27	37	19	9	115*	51	50
0%	1996	6 (30)	1 (8)	7 (20)	9 (18)	2 (6)	1 (7)	26 (16)	11 (15)	9 (13)
]0-5]%	1996	12 (60)	7 (54)	15 (43)	19 (38)	20 (62)	8 (57)	81 (49)	39 (53)	30 (42)
]5-20]%	1996	2 (10)	0 (0)	5 (14)	8 (16)	5 (16)	2 (14)	22 (14)	13 (18)	7 (10)
]20- %	1996	0 (0)	5 (38)	8 (23)	14 (28)	5 (16)	3 (21)	35 (21)	10 (14)	25 (35)
maximum		16	353	366	727	3094	153	3094	3094	727
N	1996	20 (100)	13 (100)	35 (100)	50 (100)	32 (100)	14 (100)	164* (100)	73 (100)	71 (100)

missings excluded, 0'es included, ?? check why N 1996 is different for the two parts of the table.**

There is a tendency of an increase in investment in percent of fixed assets (primo) over time. State owned enterprises reports very low investments. Foreign owned and insider owned enterprises have quite high investment levels especially in 1996. Note, however, that the high level especially for insider owned is probably caused by a low level of fixed assets. The maximum reported for one enterprise was 3094% bringing up the average for employee owned enterprises. Measured per employee as reported in table Q.14.2 there are large variation from year to year. However, foreign owned enterprises are in general higher than the other groups. State enterprises are still low, while managerial ownership is higher than employee ownership, and privatized are lower than new started enterprises.

Table Q.14.2 Investment per employee - on ownership

\majority ownership		state	foreign	dom.	mana-ger	em- ployee	no majority	total	priva- tized	new
investment /employees	1993	203	2865	74	123	135	4636	413	101	758
	N	13	2	21	21	21	4	82	32	37
	1994	138	1362	283	682	222	85	418	250	660
	N	16	6	24	28	22	3	99	38	45
	1995	238	751	189	959	462	406	532	271	856
	N	15	8	26	33	19	9	110	45	50
	1996	137	536	232	284	253	322	272	196	386
	N	12	8	26	36	20	9	111	51	48

missings excluded, 0' es included

Table Q.15.1 Composition of products - on ownership

\majority ownership		state	foreign	dom.	mana- ger	em- ployee	no ma- jority	total	priva- tized	new
product 1 % of production	1993	56	70	64	69	52	65	60	56	67
	N	19	5	27	20	29	8	108	48	41
	1994	54	80	61	63	55	56	60	52	71
	N	21	9	33	27	33	5	128	57	50
	1995	52	78	60	66	55	62	61	55	70
	N	19	10	35	33	29	10	136	63	54
	1996	57	74	59	66	56	60	61	57	68
	N	17	10	33	38	30	11	139	68	54
product 1+2+3 % of production	1993	89	90	90	91	90	92	90	89	92
	N	19	5	27	20	29	8	108	48	41
	1994	86	92	93	92	90	86	90	90	93
	N	21	9	33	27	33	5	128	57	50
	1995	86	94	94	93	93	89	92	92	94
	N	19	10	35	33	29	10	136	63	54
	1996	85	95	92	94	93	89	92	92	94
	N	17	10	33	38	30	11	139	68	54
product order 1993 same as 1996		8 (73)	4 (100)	13 (62)	17 (65)	11 (69)	6 (86)	59 (69)	27 (64)	24 (75)
product order 1993 different 1996		3 (27)	0 (0)	8 (38)	9 (35)	5 (31)	1 (14)	26 (31)	15 (36)	8 (25)

Missing values included as 0, if the firm has responded for one or two products that year.

The enterprises were asked about the share of the three main products in different years. Change in products would show changes in these proportions and also change in the relative performance of the three products. However, the results show a quite stable pattern concerning product 1, and it also shows that the three main products in general covered nearly the whole production.

The bottom part of the table lists first the cases where the order of the three products was the same in 1993 and 1996. Secondly the number of cases where the order has changed is listed. Surprisingly, the lowest degree of change is found in the four foreign enterprises, the highest is found in domestic external and in insider owned enterprises. Privatized have a higher degree of change than new enterprises. However, this might simply indicate that these companies had the highest necessity to change to adjust to the conditions on the market, while

the new enterprises had adjusted already from the start.

Labor management relations

Table Q.16 Percent membership of unions - on ownership

\majority ownership union membership		state	foreign	domestic	manager	em-- ployee	no majority	total	priva- tized	new
average %	1993	57	19	43	19	43	17	39	46	20
	N	24	5	21	20	20	5	95	34	37
	1994	55	5	34	12	49	23	35	43	15
	N	22	6	23	24	24	4	103	40	41
	1995	50	5	30	14	46	26	31	38	13
	N	19	6	24	27	19	8	103	44	40
	1996	44	9	30	9	52	15	27	35	12
	N	16	7	24	31	19	8	105	48	41
0%	1993	8 (33)	4 (80)	10 (48)	15 (75)	9 (45)	4 (80)	50 (53)	15 (44)	27 (73)
]0-100%[	1993	8 (33)	1 (20)	8 (38)	3 (15)	5 (25)	1 (20)	26 (27)	13 (38)	5 (14)
100%	1993	8 (34)	0 (0)	3 (14)	2 (10)	6 (30)	0 (0)	19 (20)	6 (18)	5 (14)
0%	1996	5 (31)	6 (86)	13 (54)	28 (90)	5 (26)	5 (62)	62 (59)	23 (48)	34 (83)
]0-100%[	1996	8 (50)	1 (14)	11 (46)	3 (10)	11 (58)	3 (58)	37 (35)	22 (46)	7 (17)
100%	1996	3 (19)	0 (0)	0 (0)	0 (0)	3 (16)	0 (0)	6 (6)	3 (6)	0 (0)

The union membership rate is falling over time for all types of enterprises except for employee owned enterprises where it increases from 43% in 1993 to 52% in 1996. The total average is also falling because of a falling proportion of state owned enterprises, which has the highest percent of membership. Membership in state owned enterprises falls from 57% in 1993 to 44% in 1996. Foreign, managerial owned and new started enterprises have a very low membership rate. In fact, more than 80% of these enterprises report no union membership.

(Question 16.b about the number of unions is not interesting for Latvia. The answers are either 0 or 1 union except for 2 cases with higher numbers. These 2 cases probably refer to different categories of workers, not different unions).

Table Q.17 Procedures for employee influence - 1996

\majority ownership	state	foreign	domestic	manager	employee	no majority	total	privatized	new	
no other procedures (than through unions)	16 (80)	10 (77)	23 (66)	34 (68)	16 (53)	8 (53)	107 (66)	48 (66)	43 (61)	
yes, other procedures	4 (20)	3 (23)	12 (34)	16 (32)	14 (47)	7 (47)	56 (34)	24 (34)	28 (39)	
of which*										
- department meetings	2	2	4	2	5	2	16	5	11	
- workers meetings	1	0	3	5	1	2	10	4	6	
- shareholder meetings	0	0	4	2	6	2	14 12	11	3	
- other	1	1	1	7	2	1		4	8	
importance for influence										
trade unions	1	6	1	2	1	1	12	4	2	
2-3	0	0	4	1	4	2	11	10	1	
not relevant	4	10	6	28	35	24	113	51	52	
N	16	7	34	37	29	13	136	65	55	
average	2,88	3,57	3,68	3,89	3,76	3,54	3,60	3,63	3,87	
employees as	1	1	1	21	13	23	8	67	41	25
shareholders	2-3	0	0	3	2	3	2	10	6	4
not relevant	4	15	6	10	22	3	3	59	18	26
N	16	7	34	37	29	13	136	65	55	
average	3,81	3,57	2,03	2,89	1,48	1,85	2,43	1,98	2,53	
other structure	1	1	0	6	4	3	2	16	5	10
2-3	0	1	1	4	6	5	2	18	9	9
not relevant	4	15	6	24	27	2	9	102	51	36
N	16	7	34	37	29	13	136	65	55	
average	3,81	3,86	3,32	3,43	3,45	3,38	3,48	3,62	3,20	

Missing values included as Anot relevant@ (weight 4) if there are other response for that enterprise that year.

Employee influence through unions is most important in state owned enterprises. Alternative procedures are most important in employee owned and no-majority companies. In employee owned enterprises it is clearly influence through shareholding, which is important. This procedure also count relatively high for no-majority and for domestic externally owned enterprises, and it is higher for privatized than for new because foreign and managerial owned enterprises indicate low relevance for this type of influence.

Table Q.18.1 Different groups influence on decisions on ownership1993

\majority ownership average of 1 (high) to 3	state	foreign	domestic	employee	manager	no majority	total	privatized	new
1. long term plans									
managers	1.71	1.30	1.55	1.39	1.38	1.50	1.38	1.39	1.49
other employees	2.57	2.58	2.61	2.42	2.53	2.80	2.52	2.54	2.58
domestic priv. ext. own	2.96	2.58	2.61	2.79	2.88	2.70	2.79	2.78	2.73
foreign owners	2.93	1.87	2.87	3.00	2.81	3.00	2.86	2.95	2.76
state representatives	2.68	3.00	2.94	2.82	2.69	2.80	2.79	2.86	2.81
2. new technology									
managers	1.82	1.15	1.45	1.45	1.34	1.70	1.50	1.37	1.49
other employees	2.50	2.44	2.48	2.24	2.53	2.80	2.46	2.35	2.56
domestic priv. ext. own	2.96	2.58	2.77	2.82	2.91	2.70	2.84	2.84	2.79
foreign owners	2.93	1.87	2.81	2.97	2.81	3.00	2.84	2.92	2.74
state representatives	2.86	3.00	2.97	2.91	3.00	3.00	2.94	2.95	2.99
3. manager selection									
managers	1.75	1.58	1.71	1.88	1.41	1.80	1.69	1.59	1.76
other employees	2.61	2.72	2.55	1.91	2.66	2.70	2.45	2.24	2.59
domestic priv. ext. own	2.93	2.72	2.32	2.64	2.75	2.70	2.66	2.48	2.71
foreign owners	2.93	1.87	2.90	2.94	2.88	3.00	2.87	2.95	2.78
state representatives	2.46	3.00	3.00	2.94	3.00	3.00	2.88	2.97	3.01
4. employment									
managers	1.54	1.30	1.35	1.24	1.31	1.60	1.37	1.22	1.44
other employees	2.39	2.72	2.61	2.48	2.59	2.80	2.55	2.48	2.71
domestic priv. ext. own	2.96	2.72	2.91	2.82	2.94	2.70	2.86	2.82	2.86
foreign owners	2.93	2.30	2.87	3.00	2.81	3.00	2.88	2.97	2.79
state representatives	2.86	2.90	2.97	2.94	2.94	3.00	2.93	2.95	2.96
5. wage-levels									
managers	1.50	1.30	1.32	1.18	1.31	1.40	1.33	1.18	1.39
other employees	2.36	2.58	2.48	2.39	2.50	2.60	2.45	2.37	2.59
domestic priv. ext. own	2.96	2.87	2.68	2.76	2.84	2.50	2.79	2.75	2.76
foreign owners	2.93	2.3	2.84	3.00	2.81	2.80	2.86	2.97	2.74
state representatives	2.68	3.01	2.84	2.94	2.94	3.00	2.87	2.88	2.98
6. safety and health									
managers	1.75	1.01	1.45	1.21	1.44	1.60	1.44	1.22	1.51
other employees	2.29	2.30	2.48	2.15	2.19	2.40	2.28	2.24	2.34
domestic priv. ext.own	2.93	2.87	2.87	2.73	2.94	2.80	2.86	2.8	2.89
foreign owners	2.93	2.58	2.87	3.00	2.81	3.00	2.89	2.97	2.83
state representatives	2.79	2.87	2.87	2.88	2.97	2.90	2.88	2.88	2.84
N	28	7	31	33	32	10	141	53	60

1=high, 2=some, and 3 = low or no influence , missing = 3 if some of the category has been answered

Table Q.18.2 Different groups influence on decisions on ownership 1996

\majority ownership average of 1 (high) to 3	state	foreign	domestic	em-- employee	mana- ger	no majority	total	priva- tized	new
1. long term plans									
managers	1.35	1.46	1.41	1.41	1.39	1.14	1.38	1.42	1.33
other employees	2.40	2.62	2.5	2.53	2.53	2.64	2.52	2.56	2.52
domestic priv. ext. own	3.00	2.69	2.62	2.94	2.80	2.43	2.77	2.84	2.64
foreign owners	3.00	2.23	2.94	3.00	2.80	2.93	2.86	2.93	2.74
state representatives	2.80	3.00	2.85	2.94	2.76	2.79	2.84	2.88	2.81
2. new technology									
managers	1.65	1.31	1.35	1.47	1.35	1.43	1.41	1.38	1.38
other employees	2.30	2.31	2.44	2.34	2.53	2.57	2.43	2.41	2.49
domestic priv. ext. own	3.00	2.69	2.76	2.94	2.80	2.29	2.79	2.82	2.70
foreign owners	3.00	2.08	2.88	3.00	2.80	3.00	2.84	2.89	2.74
state representatives	3.00	3.00	2.94	2.97	2.92	3.00	2.96	2.95	2.96
3. manager selection									
managers	1.40	1.69	1.68	1.88	1.43	1.71	1.61	1.60	1.68
other employees	2.60	2.77	2.47	1.75	2.67	2.57	2.44	2.26	2.58
domestic priv. ext. own	3.00	2.77	2.32	2.66	2.76	2.29	2.64	2.52	2.65
foreign owners	3.00	2.23	2.91	3.00	2.88	2.93	2.88	2.92	2.80
state representatives	2.60	3.00	2.97	2.97	2.94	3.00	2.92	2.96	2.97
4. employment									
managers	1.25	1.31	1.21	1.25	1.35	1.57	1.30	1.26	1.36
other employees	2.40	2.77	2.62	2.41	2.55	2.57	2.54	2.48	2.64
domestic priv. ext. own	2.95	2.85	2.76	2.84	2.90	2.43	2.82	2.81	2.80
foreign owners	2.95	2.54	2.94	3.00	2.88	3.00	2.91	2.95	2.86
state representatives	2.90	2.92	3.00	3.00	2.90	3.00	2.95	2.99	2.93
5. wage-levels									
managers	1.20	1.23	1.24	1.22	1.31	1.14	1.24	1.23	1.26
other employees	2.35	2.54	2.59	2.31	2.41	2.43	2.43	2.36	2.54
domestic priv. ext. own	2.95	2.92	2.74	2.88	2.82	2.43	2.80	2.81	2.75
foreign owners	2.95	2.38	2.94	3.00	2.84	2.86	2.87	2.92	2.80
state representatives	2.75	3.00	2.88	2.94	2.88	3.00	2.90	2.89	2.94
6. safety and health									
managers	1.50	1.31	1.41	1.25	1.41	1.36	1.38	1.33	1.39
other employees	1.95	2.23	2.47	2.13	2.29	2.21	2.24	2.26	2.30
domestic priv. ext. own	2.95	2.92	2.85	2.88	2.84	2.86	2.87	2.88	2.84
foreign owners	2.95	2.69	2.94	3.00	2.86	3.00	2.91	2.95	2.87
state representatives	2.95	2.92	2.85	2.88	2.86	2.79	2.87	2.85	2.87
N	20	13	34	32	49	14	162	73	69

1=high, 2=some, and 3 = low or no influence
missing = 3 if some of the category has been answered

The managers were asked to estimate the influence of different groups on a scale from 1 = some influence to 3 low or no influence (see the survey scheme in appendix).

There are no significant differences between the results for 1993 and 1996.

In general managers are considered to have the highest influence on decisions. The lowest influence for managers is on the selection of managers. Here has the relevant owner group nearly the same level, when it is foreign ownership (1993) or employee ownership (1993 and 1996). Managers do not have more influence in managerial owned firms than in other ownership types. This is also the case for more strategic decisions like Along term plans@ and Anew technology@.

Other employees are not considered to have more influence because of employee ownership except for the case of selection of managers (1.75). In general they are rated second, but they are still far from the influence of managers. Highest rating for employee influence for all enterprises in 1996 is 2.24 for safety and health.

Domestic private external owners do not seem to have much influence. Foreign owners are considered to have some influence especially on the strategic questions, but they are still rated much lower than the level of managers.

State representatives are perceived to have very little influence in all groups even in state owned enterprises.

There are no significant differences between privatized and new enterprises.

Conclusion

The main research questions concerned the variation on different types of ownership - divided in majority ownership by state, foreign, domestic external, managers, other employees or no majority. The survey also distinguished between state owned, privatized, or established directly as new private firms. In this respect the definition of de novo-enterprises were not only based on size as in most other studies. In fact the results show that already in 1996 a considerable number of new enterprises had more than 50 employees.

The research questions concerned the relation between ownership structures and:
1: the relation between ownership and control;
2: compensation systems for managers and other employees;

3: different forms of restructuring.

1. How is the relation between different types of ownership and the influence of different groups? How is the owners' governance of managers?

For insider owned and for foreign owned companies there is a quite strong correspondence between the type of owners and their representation in the company boards. However, for state owned and externally domestic owned companies it is very rare that these groups actually have the majority of seats in the board. Instead the managers have a quite strong position.

This is also confirmed by direct asking the managers about their perception of the influence of different groups on different decision areas. In general managers are considered to have the highest influence on decisions in all areas. Other employees are in general ranking second. In the area of selection of managers, employee owners and foreign owners (for 1993) can match the manager influence, but other owner groups are perceived to have much lower influence. Surprisingly the managers do not perceive that they have more influence in management owned enterprises than in other ownership types. This is also the case for more strategic decisions like "long term plans" and "new technology". In employee owned firms the employees are not considered to have more influence except for the case of selection of managers. The highest influence areas for other employees are on safety and health without strong variation between the different types of ownership.

Unions have a declining rate of membership in all types of enterprises. 80% of the new enterprises have no unions. Employee influence through unions is most important in state owned enterprises. Other procedures are most important in employee owned enterprises and in no-majority companies. In employee owned companies it is in fact influence through shareholding that is considered to be the most important channel of influence. It is worth noting that this type of influence for employees is also considered to have high importance in companies with domestic external ownership and with no-majority ownership, indicating that employees often have influence through minority shares in these types of companies. Whereas in companies with foreign or manager majority employees do not have much influence as shareholders.

2. Do the compensation systems for managers and other employees vary with the different type of ownership structures? In these preliminary results we found only insignificant variations between different groups of majority/dominant owners and also a quite stable relation over the investigated time period.

3. Do the degree and type of restructuring vary over time and between the different types of ownership? The differences between owner-groups are modest concerning organizational changes of number of departments and changes in

hierarchical levels. Concerning orientation toward Western markets there is an increasing trend for all enterprises, but with foreign owned companies in a leading position. Foreign owned enterprises also have higher investment levels measured per employee. Concerning the source of financing for different owner groups the traditional finding is confirmed for employee owned companies in relation to their dependence on internally generated capital. Extra capital injected from external owners play an important role only for foreign, managerial and no majority enterprises.

APPENDIX

ID.....

Questionnaire to be Completed by person interviewing the Top Manager of the firm

Enterprise governance and restructuring.

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This project is for Latvia done in cooperation with the Statistical Committee, and Copenhagen Business School. The objective of the project is to analyze the relation between different ownership structures and organizational structures and restructuring of the enterprise. For this purpose top-managers in 200 enterprises in each of the three Baltic countries will be interviewed. We expect to present the results of the analysis in the second half of 1997. The data will be treated as strictly confidential. The enterprises will be treated as anonymous entities and it will not be possible to identify specific enterprises in the published results.

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I Organization, Management and Board Structure

Q1/ a) Who appointed you? (top manager) _____

[Enter from following list: 1 = by state ministry or any state administration; 2 = elected by labor collective; 3 = elected by a meeting of shareholders; 4 = by state property fund/privatization agency; 5 = by meeting of company board; 6 = other

b) When were you appointed? Year _____ Month _____

Q2 Composition of Company Board:	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
(if not existing, write 0 in the first line, question a)				
a) What is the number of members of the board?	_____	_____	_____	_____
How many of the board-members represents				
b) the state or local municipalities?	_____	_____	_____	_____
c) foreigners or foreign companies?	_____	_____	_____	_____
d) domestic private external owners?	_____	_____	_____	_____
e) insiders ?	_____	_____	_____	_____
f) managers ?	_____	_____	_____	_____
g) other employees ?	_____	_____	_____	_____

Q3/ a) Does (did) the contract for the top manager provide for remuneration that depends on the company's overall results? 1=Yes ; 2 = No

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
b) What was the criterion? 1.Profit, 2.Sales, 3=other (specify)	_____	_____	_____	_____
c) What % of total pay was accounted for by this criterion?	_____	_____	_____	_____

Q4 Important changes in the organization, 1 = Yes; 2 = No 1996 1995 1994 1993

a) Have you changed the number of departments?	_____	_____	_____	_____
b) have you changed the number of hierachical levels?	_____	_____	_____	_____
c) Have you sold or closed down parts of the enterprise?	_____	_____	_____	_____
d) Have you included some new units in the enterprise?	_____	_____	_____	_____

II Compensation System

Q5/ How much was the average monthly salary for

	1996	1995	1994	1993
a) the topmanager	_____	_____	_____	_____
b) all employees	_____	_____	_____	_____
c) the lowest paid employee	_____	_____	_____	_____

Q6/ What was the *main* form of payment for the largest group of production workers:

	1996	1995	1994	1993
[Use this list; 1 = Time rate (hourly); 2 = Time rate (weekly,monthly); 3 = Piece rate; 4 = Other(specify)	_____	_____	_____	_____

Q7/ Additional payment systems.

	1996	1995	1994	1993
Did the company operate a profit sharing payment system*	_____	_____	_____	_____
monetary incentive scheme*	_____	_____	_____	_____

[1=Yes; 2 = No]

[* Profit-sharing payment systems pay all or part of wages and salaries on the basis of the total establishment's performance (eg based on net revenues or profits.

* Monetary-incentive schemes are payments in addition to the basic wage made to motivate non-managerial employees. This is not directly linked to the level of profit or total revenue of the total establishment, but can be related to the result of a team/department.]

Q8/ Approximately what per cent of production worker earnings were paid in non-monetary benefits (e.g. food, consumer goods, holiday facilities, etc.)?

in 1996 _____% in 1995 _____% in 1994 _____% in 1993 _____%

III Inputs and Outputs

Q9/ Rank the following according to their importance as sources for financing investment

[1 = Most important, 2 = Next most important, ..., 7 = Least Important; 0 = not used]

	1996	1993
Savings inside the company (profits)	_____	_____
Extra capital from the owners	_____	_____
Allocation by the government	_____	_____
Loan from banks or investment funds	_____	_____
Domestic private capital	_____	_____
Foreign private capital (not owners)	_____	_____
Investments by other establishments	_____	_____

Q10/(a) Rank the following as sources of the firm's material inputs

[1 = most important, 2 = next most important, 3 = least important, 0 = not used]

	1996	1995	1994	1993
Imports from Eastern Europe	_____	_____	_____	_____
Imports from Western Europe	_____	_____	_____	_____
Local production	_____	_____	_____	_____

Q11 For your main product

	1996	1995	1994	1993
a) how many other <i>domestic</i> firms compete with you?	_____	_____	_____	_____
b) how many <i>foreign</i> firms compete with you?	_____	_____	_____	_____

Q12

a) What percent of your turnover is exported to Eastern Europe? 1996 1995 1994 1993
___% ___% ___% ___%

b) What percent of your volume of production is exported to the West? ___% ___% ___% ___%

Q13 a) Did you use your workforce 100% of the time or lower? Specify average utilization percentage: 1996 1995 1994 1993
___% ___% ___% ___%
(example: reduced working hours because of lack of order means a lower percentage holidays or lower hours requested by the employees do not mean a lower percentage)

b) How high was the capacity utilization of plant and equipment on average? ___% ___% ___% ___%

c) (i) Could you have produced a similar volume of production with fewer workers?
1996 1995 1994 1993
 1 = Yes, 2 = No ___ ___ ___ ___

(ii) If yes, approximately what percentage of fewer workers? ___% ___% ___% ___%

Q14 How much was spent on investment on fixed assets?
1996 1995 1994 1993

Q15 How big a percentage of total production made approximately the three main products in ?
1996 1995 1994 1993

product 1 (specify).....	___%	___%	___%	___%
product 2 (specify).....	___%	___%	___%	___%
product 3 (specify).....	___%	___%	___%	___%

IV Labor Management Relations

Q16/a) How many workers were members of labor unions? 1996 1995 1994 1993
___ ___ ___ ___

b) To how many different unions did they belong? ___ ___ ___ ___

Q 17(a) Besides trade union structures, does your firm have any other procedure in which representatives of employees regularly meet with management to discuss policies at company-level? 1 = Yes; 2 = No ___

(b) What is this structure? _____

(c) Rank the following structures in terms of their importance for enabling employees to exercise influence over company decisions concerning labor:
 [1 = most,, 3 = least, 0 = not relevant] 1996 1995 1994 1993

trade unions	___	___	___	___
Employees as shareholders	___	___	___	___
Other structure (as in part (b))	___	___	___	___

Q18 For the following different issues, what was the influence of the following groups:
 1 = high influence, 2 = some influence, 3 = low or no influence

a: 1996	groups	mana- gers	other employ- ees	Latvian private external owners	foreign external owners	state and local muni- cipality
issues						
1.long term plans for production						
2.introduction of new technology						
3.selection of managers						
4.employment reduction/increase						
5.wage-levels						
6.safe and health at the workplace						

b: 1995	groups	mana- gers	other employ- ees	Latvian private external owners	foreign external owners	state and local muni- cipality
issues						
1.long term plans for production						
2.introduction of new technology						
3.selection of managers						
4.employment reduction/increase						
5.wage-levels						
6.safe and health at the workplace						

c: 1994	groups	mana- gers	other employ- ees	Latvian private external owners	foreign external owners	state and local muni- cipality
issues						
1.long term plans for production						
2.introduction of new technology						
3.selection of managers						
4.employment reduction/increase						
5.wage-levels						
6.safe and health at the workplace						

d: 1993	groups	mana- gers	other employ- ees	Latvian private external owners	foreign external owners	state and local muni- cipality
issues						
1.long term plans for production						
2.introduction of new technology						
3.selection of managers						
4.employment reduction/increase						
5.wage-levels						
6.safe and health at the workplace						

V Ownership structure

Q19

a) ownership of the firm _____

- 1 = still mainly state owned
- 2 = privatized
- 3 = established as a private firm

b) if 2 or 3, when was it privatized/established? month: _____ year: _____

Q20	ultimo	1996	1995	1994	1993
What was the percentage of shares owned by:		100%	100%	100%	100%
a) the state or local municipalities		_____	_____	_____	_____
b) foreigners or foreign companies		_____	_____	_____	_____
c) domestic private external owners		_____	_____	_____	_____
d) insiders		_____	_____	_____	_____
e) of which by the management		_____	_____	_____	_____
f) of which by the other employees		_____	_____	_____	_____

Q21	ultimo	1996	1995	1994	1993
a) what was the number of persons employed?		_____	_____	_____	_____
b) of which management		_____	_____	_____	_____
c) of which other employees		_____	_____	_____	_____

Q22	ultimo	1996	1995	1994	1993
a) What was the number of owners among the employees?		_____	_____	_____	_____
b) among management		_____	_____	_____	_____
c) among other employees		_____	_____	_____	_____

Q23
distribution of shares among the employees who are owners 01.01.1997 _____
1 = rather equal,
2 = unequal (typical more than 1:2),
3 = very unequal (typical more than 1:10)