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"Exploring for International Competition and Cooperation Strategies to Foster Regional Development"



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TABLE OF CONTENTS

COOPERATION AND COMPETITION STRATEGIES IN STRATEGIC MANAGEMENT

Strategic Supplier Alliances In Natural Stone Industry: The Case of Turkish Companies (SÜLEYMAN BARUTÇU) 3

A Review Of The Term "Trust" In The Buyer-Seller Relationships (SEMA ERDOGAN, BÜLENT SEZEN) 11

Implementation Of Supply Chain Management And Information Systems Strategies In SMEs: Evidence From Turkey And Bulgaria (SELIM ZAIM, EKREM TATOGLU, ERKAN BAYRAKTAR) 19

A Strategical Framework Proposal For Competence Based Supply Chain (GÜLGÜN KAYAKUTLU, MUHTESEM BARAN) 31

Strategic Value Creation For The Sustainable Competition (TAHIR AKGEMCI,EBRU YILDIRIM, ERCAN OKTAY) 37

Competitiveness Of Professional Business Services: Lessons Learned From Turkish Advertising Agencies(ÇIĞDEM ŞAHIN) 47

To What Extent Is Competitive Intelligence Received At Strategic Or Tactical Levels By Large Companies? Evidence From Turkey (MEHMET BARCA, MEHMET ALI KÖSEOĞLU, KEMAL KARAYORMUK) 57

Is It Possible To Make Competition Irrelevant?(E.GÖRKEM KAYAALP ERSOY,SELDA UCA) 67

REGIONAL DEVELOPMENTS, INTERNATIONAL ENVIRONMENT AND CLUSTERING

The European Union And African Union Partnership In Darfur: Developing New Strategy In Darfur (KIERAN E. UCHEHARA) 77

Management of Agro-Industrial Complex in Russia Before Entering WTO (.N. KYZNETZOV, IRINA SOLDATOVA, YULIA RYBALCHENKO) 85

The Financial Performance Of Black Owned Grocery Shops In Townships In South Africa (NORMAN CHILIYA,GORGE HERBST, MORNAY ROBERTS –LOMBARD) 97

Political Economy of The New Europe: EU Eastern Enlargement and The Condition of Turkey and BH (M. TURAN ÇUHADAR) 109

A Regional Research About The Evaluation Of Network Relations In The Context Of Clustering As A Means Of Strategic Competition (M.ATİLLA ARICIOĞLU, BİROL MERCAN, N.SEVİL TÜLÜCE, MUHİTTİN KORAŞ) 121

A Modeling Of Social-Local Based Business Incubator As A Regional Development Strategy: Assessing Of "The Business Improvement Centers (Isgems)" In Turkey (GÜNGÖR TURAN, HASAN İBICIOĞLU, HÜSEYIN ÇIÇEK) 127

Social Municipalism Concept In Turkey: The Case of Kocaeli Metropolitan Municipality 137
(ELIF YÜKSEL OKTAY)

Legal Aspects In Cooperative Strategy Of Business Clusters(TOMÁŠ PETERKA) 149

INTERNATIONAL STRATEGIC MANAGEMENT AND GLOBALIZATION

Internationalization Of The Russian Construction Industry: Entry Strategy Perspectiv. 157
(ANDREI PANIBRATOV)

The Adaptation Of Mergers And Acquisitions To Different Markets And Possible Consequences: A Case Of Kipa-Tesco (EBRU GÜNLÜ, AHMET ERKUŞ) 169

Information Search For FDI: The Effect Of Firm Age, Size And The Sector 185
(HARUN KAYA,HÜSEYIN A. KANIBIR)

The Determinants Of Turkish Outward Foreign Direct Investment (İBRAHIM ANIL) 195

The Increasing Need For Global Managers, Yet Not Sufficient!!! How To Identify And Develop Them? (SALIH YEŞIL) 207

The Influence Of Globalization Process On The Competitive Business Strategy 219
(ŠÁRKA ZAPLETALOVÁ)

Opportunities And Risks In Free Zones In Turkey At Globalization Process 225
(ENGIN ERDOĞAN, MELIHA ENER)

The Comparison Of Quantitative SWOT Analysis And Directional Policy Matrix In The Process Of Formulating Corporate Strategies: A Survey In Izmir's Hypermarket Sector 237
(EBRU GÜNLÜ, MEHMET AKSARAYLI)

CONSUMER BEHAVIOR AND MARKETING IN STRATEGIC MANAGEMENT

Corporate Governance And Social Responsibility -Attitudes Of Managers And Customers In Bosnia And Herzegovina – 253
(VESNA BABIĆ-HODOVIĆ,ELDIN MEHIĆ, EMINA RESIĆ, AMRA KRAMO)

Corporate Social Responsibility Of Small and Medium Enterprises in Bosnia and Herzegovina 261
B&H Companies In Globalization
(DZEVAD SEHIC, JASNA SABANOVIC)

Triangle Of Economics, Ethics, And Corporate Social Responsibility: The OPET Case 273
(BAŞAK IŞIL ÇETİN, LEVENT ŞAHİN, KADIR YILDIRIM)

Marketing Ethics At Small And Medium Size Enterprises (SMEs) In Globalization: A Case Study 287
In Çorum, In Terms Of Corporate Social Responsibility
(İRFAN ÇAĞLAR, SABIHA KILIÇ, MUSTAFA EMRE ÇAĞLAR, EREN GÜNGÖR)

Decision To Buy From Online Stores Or Brick-And-Mortar Stores: Evidence From Turkish 301
Consumers(İBRAHIM HALIL SEYREK, MEHMET AYTEKIN)

Determining Customer Expectations In Real Estate: A Potential Market for Istanbul/Turkey 309
(IREM ERDOĞMUŞ, EMINE ÇOBANOĞLU)

Do It Yourself! Specialty Retailers In Home Improvement Sector Operating In Turkey 319
(UĞUR YOZGAT, RECEP BAKI DENIZ, ASUDE GÖDEKLI)

Marketing Planning In Albania As A Ex Socialist Country. Challenges And 341
Implications(EVELINA BAZINI, LILJANA ELMAZI,)

A New Strategy In Marketing: Buzz (SELDA BAŞARAN ALAGÖZ) 351

Toward An Understanding Of E- Marketing Attitudes in Turkish and Greek SMEs Against Global 359
Competition (SIMA NART, HUSEYIN A. KANIBIR)

Measurement Of Brand Equity And A Survey In The Banking Sector 377
(T.SABRI ERDIL,UFUK AYDIN)

Using Marketing Mix For The Competitive Marketing Strategy: The Effect Of Marketing Mix On 393
Consumer Buying Behavior(REHA SAYDAN)

INFORMATION TECHNOLOGIES AND KNOWLEDGE MANAGEMENT

The Knowledge-Based Economies In The Enlarged European Union (BORISAS MELNIKAS) 405

Information Communication Technologies Adoption For The Strategic Management Of The 413
Albanian Tourism Industry(FIORALBA VELA, PRANVERA RESULAJ)

The Impact Of Information Technology Practices And Organizational Learning On Firm 419
Innovation And Performance(CEMAL ZEHIR,EMINE YILMAZ, HARUN VELIOĞLU)

Patent As A New Competitive Tool In Company's Overall Business Strategies 435
(ZEHRA GÖNÜL BALKIR, SIBEL NITELIK)

The Effects Of Emotional Capability On New Product Development Process 441
(ALI E. AKGÜN, HALIT KESKİN, AYŞE GÜNSEL)

Effects Of Cross Functional Integration, Co-Development And Team Autonomy On Innovation 451
Process: An Empirical Study(ALI E. AKGÜN, HALIT KESKİN, AYŞE GÜNSEL)

Innovation-Oriented Organizational Culture: A Field Study On SMEs In Mersin-Turkey 459
(CEMILE ÇELIK)

Extent Of Family Influence On Family Firm Innovative Behavior: A Study On Small Sized Family 469
Firms In Istanbul (MÜJDELEN YENER, SINEM AYKOL)

The Strategic Importance Of Innovativeness For Sustainable Competitive Advantage: The Case 481
Of Supply Chain Management Practices In The Turkish Automotive Industry
(HASAN KÜRŞAT GÜLEŞ,ERCAN OKTAY,ORHAN ÇOBAN)

Innovation As A Tool For Global Competition And Cooperation For Innovation 493
(BIROL MERCAN, NADIDE SEVIL HALICI)

Comparison Of Innovation Indicators: In European Union Countries And Turkey 507
(FATMA LORCU, ÖZLEM AKÇAY KASAPOĞLU, GÖKHAN TURAN)

Knowledge Transfer Through Networks: The Case Of Turkish SMEs 515
(DABABRATA N CHOWDHURY, LYNNE BUTEL)

ENTREPRENEURSHIP AND SMES MANAGEMENT

Strategy And Cognitive Scripts As Predictors Of Growth In Small Businesses 531
(M. KAMIL KOZAN, DOLUN OKSOY, ONUR OZSOY)

Effect Of The Perceived Environmental Uncertainty On Market Orientation, Strategic Flexibility And Corporate Entrepreneurship: A Field Study With Small And Medium Size Firms In Kars 545
(NURHAN PAPATYA, GÜRCAN PAPATYA, A.BUĞRA HAMŞIOĞLU)

Three Main Skills Of A Strategic Leader: Malatya Small And Medium Enterprises (SME) Application(MEHMET TIKICI, MEHMET DENIZ, A.EMIN SERIN) 555

Creating Corporate Entrepreneurship Through Strategic Leadership (JOHAN HOUGH) 567

Role Of The Strategist Role Of The Strategist Features Of Entrepreneurs On The Success Of Local Development Strategies: A Research On The Entrepreneurs In Karabuk, Turkey (ABDULLAH KARAKAYA) 577

The Influence Of Person-Organization Fit On The Employee's Perception Of Organizational Performance (MERAL ELÇI, LÜTFÜHAK ALPKAN, HÜLYA GÜNDÜZ ÇEKMECELIOĞLU) 587

Entrepreneurial Intentions Of Young Educated Public In Turkey 595
(GULRUH GURBUZ, SİNEM AYKOL)

Normative, Social And Cognitive Predictors Of Entrepreneurial Interest Of College Students In Turkey (TUĞBA KARABULUT) 605

ISSUES IN STRATEGIC MANAGEMENT AND DECISION MAKING

The Evolution Of Strategic Execution: Past, Present, And Future 617
(MEHMET BARCA, ESRA DIL, MAHMUT HIZIROĞLU, HAYRETTİN ZENGİN)

A Critique Of Analytical Thinking, Approaches, And Tools In The Field Of Strategic Management 629
(MEHMET BARCA, HAYRETTIN ZENGIN, MAHMUT HIZIROĞLU)

Leadership And Strategic Management: Women As Senior Managers In Turkish And Australian Universities (ÖZLEM ÖZKANLI, KATE WHITE) 637

How Could A Science Conference Achieve Competitive Advantage Among Other Science Events? An Example Assessment Via International Strategic Management Conference 647
(CANAN ÇETIN, EYÜP AYGÜN TAYŞIR, YENER PAZARCIK, ERKAN TAŞKIRAN)

The Impact Of Organizational Culture Fit On Strategic Outsourcing In Healthcare Industry 657
(GONCA GUNAY, BENGU SEVIL, BURCU GUNERI)

Core Competence Based Structuring In Service Industry And Outsourcing As A Downsizing Strategy (MUSTAFA METE, HASAN GÜL, MEHMET İNCE) 665

How Does The Perception Of Alignment Appear? An Integrated Model Including The Affect Of Contingency Factors On Leadership Types And Strategy Development Process 675
(BINALI DOĞAN, ATA ÖZDEMIRCI)

Transformative Business Models For Organizing Primary Producers And Their Integration Into Value Chains (BRANKO BUCAR, JACK CROUCHER) 683

Activity Based Costing Leads To Strategic Decision Making 695
(H. HAYRI NUROGLU, ELIF NUROGLU)

Strategic Management And Planning Process In Public Sector: Case Study Of The Under secretariat Of The Prime Ministry For Foreign Trade, Turkey (SIBEL ALAMAN ZENGIN) 703

Strategic Planning In The Public Sector: An Evaluative Study of Special Provincial Administration of Turkey (SEFA ÇETIN, HÜSEYIN ÖZGEN) 715

The Association Between Economic Development Indicators And Cultural Dimensions: The Case Of Turkey (RUHET GENÇ) 727

STRATEGIC FINANCIAL AND PERFORMANCE MANAGEMENT

Balanced Score-Card: Is It A Totology or A Misleading Metaphor? Is It A Magic Wand? 739
(BARIŞ SAFRAN, MEHMET TOLGA TANER)

Strategic Management And Measuring Financial Performance In Public Companies 749
(RABIA ÖZPEYNIRCI, NURAY DEMIREL)

The Use Of Performance Measurement In Strategy Implementation: A Study Into The Service Sector (UMUT AVCI, YASIN BOYLU) 759

Strategic Plan Objectives' Measurability Problem In Terms Of Accountability And Governance 769
(M.TACETTIN SARIOĞLU, KÖKSAL BÜYÜK, NURCAN DENIZ)

Strategic Financial Policies In Emerging Country Stock Markets: The Turkish Case 785
(A. CAN INCI)

Direct Marketing In The Financial Services Industry(ELENICA PJERO, LILJANA ELMAZI) 793

Mergers And Market Foreclosure: Using Data On Mergers And Stock Market Prices To Detect Foreclosure(NESLIHAN AYDOĞAN, İRGE ŞENER) 803

Transition And Cultural Changes In Albanian Banking Sector(Case Of Vlora Region) 835
(ETLEVA LESKAJ,KLAUDJA XHAFA)

STRATEGIC HUMAN RESOURCES MANAGEMENT ORGANIZATIONAL BEHAVIOR

A Model For Managing Human Resource Competencies Strategically (ABDURRAHMAN BAŞ) 847

Job Enrichment As Stimulus To Employees Of B&H Companies 855
(ZIJADA RAHIMIĆ, AMRA KOŽO)

Career-Management Process And Employee Attitudes (REGINA BEREZOVSKAYA) 865

Customer And Personnel Satisfaction in Hospitals A Case Study of Three Finnish Hospital Districts' Measuring Methods. (KATRI JAKOSUO) 875

A Study On The Role Of Empowerment In Providing Organizational Commitment 893
(HIMMET KARADAL, SELÇUK KILIÇ)

The Industrial Analys Of Role Conflict And Role Ambiguity With Job Satisfaction And Organizational Commitment: A Study In The East Mediterranean Region 905
(M. TURAN ÇUHADAR)

Academic Entrepreneurship: The Role Of The University And The Researcher 915
(GONCA GUNAY, ISIK OZGE YUMURTACI)

Leadership Grand Strategies For 21st Century: Lessons From Ataturk(ASIM SEN) 925

The Content Analysis Of Mission And Vision Statements Of Turkish And European Big Firms : A Comparison (TANER ACUNER, KURTULUŞ YILMAZ GENÇ) 937

The Interaction Between Organizational Cynicism And Psychological Contract Violation In Terms Of Strategic Human Resource Management 945
(ADEM ÖĞÜT,ŞEVKI ÖZGENER,METIN KAPLAN)

The Impact Of Psychological Contracts Dimensions On Organizational Commitment: A Field Study Of Academicians(EMEL GÜLER YILMAZ,NIHAL PAŞALI TAŞOĞLU) 955

"Value What You Do, Do What You Value" A Content Analysis Of Corporate Values Of Turkey's Top 500 Industrial Enterprises(UĞUR YOZGAT, HANDE SERIM BAHADINLI) 961

STRATEGIC HOSPITALITY AND TOTAL QUALITY MANAGEMENT

The Middle And Senior Managers' Tendencies To Developing Innovation In Hotel Firms: An Empirical Research (BARIŞ ERDEM, GÖKSEL KEMAL GİRGİN, LEBRIZ SÖNMEZ) 977

An Application Concerning Evaluation Of Middle Level Managers' Performance In Five Stars Hotels In Antalya (AKYAY UYGUR, DERYA KARA, SELMA MEYDAN UYGUR) 991

Tourism As A Strategic Management Tool In Hospitality: A Case From 4&5 Star Hotels In Izmir Region (İGE PIRNAR, KAMIL YAĞCI) 999

Factors Leading To Intercultural Communication Problems: A Survey In A Group Of International Hotels 1007
(M. KEMAL DEMIRCI, MUZAFFER AYDEMIR, ABDULLAH YILMAZ, CEREN G. ATALAY)

The European Union Employee Participation System In Management Decision Making Process: A Survey About The Effects Of The System On Turkish Employees In The Multinational Companies Operating In Turkey 1017
(GÜROL ÖZCÜRE, HARUN DEMIRKAYA, NIMET ERYIĞIT, GÖNÜL YÜCE)

Relationship Between Strategic Management And Total Quality Management How Can TQM be Implemented In The Service Sector Case Study: Vienna General Hospital 1029
(ELIF NUROGLU, H. HAYRI NUROGLU)

The Impact Of Contextual Factors On Total Quality Management Practices 1037
(ESIN SADIKOGLU, CEMAL ZEHIR)

Nepotism : Cramp Through Institutionalization 1049
(FATMA ZEHRA SAVI , AHU GÜLÜMSER IRAK,NADIR ATEŞOĞLU)

Name Index 1057

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PREFACE

Dear Participants;

I, as a chairman of this 4th Strategic Management Conference, would like to welcome all of you with my love and respects. We feel happy and honorable to organize the Strategic Management Conference in Sarajevo city of Bosnia-Herzegovina this year that we had commenced to organize in 2005. We are excited as we were four years ago and we are here today with our feelings of the first day. I would like to thank to our partner of this year, International Bosnian University Rector and other managers, who gave us an opportunity to organize this conference in this beautiful city. In our fourth conference, there are 189 participators from 15 countries with 97 papers. In fact, we received 142 announcements from 20 countries but 45 of these announcements were reasonably refused by the peer review committees.

As it is seen, the participators want to participate in this international activity with great excitement like us. My dear colleagues and guests; with this excitement and motivation, we had programmed to publish an international journal under support of the International Strategic Management Conference. As a result of this, our journal titled "Journal of Strategic Management' we began to publish last year is now one year of old. Today, we present to you the first issue of the second year in your conference bags. Both the quality of articles published in the magazine increases day by day. Our purpose is to make this journal a publication that is scanned and referred in international indexes. I would like to thank to all my friends who worked hard on this matter. We established an association named "'International Strategic Management and Managers' to ensure assistance both for our conference and publication of our journal. We wish you to be member of this association and continue our international endeavors together with synergic power.

The other pleasing event of our fourth conference is that world wide known two gurus in field of strategic management will honor our conference as key-note speakers. I would like to thank to Prof. A. Lonie STRICKLAND and Prof. Richard LYNCH in my name and our organization committee.

I would to sincerely thank to our honored rectors who helped us and gave every support in organization of the conference in perfect manner, to our colleagues who made valuable contributions as members of peer reviewer and Consultant Committee, to Beykent University Board of Trustees who made contributions in organization of the conference as a sponsor and its estimable chairman Mr. Adem ÇELİK and Cuma Bayat Rector of Beykent University, to Mr. Güçlü KAPLANGI, Executive Director of Fagor Industrial Company, Çanakkale On Sekiz Mart University Rector and Co-Chair Prof. Ali AKDEMİR who realized publication of our conference book and to Prof. Alinur Büyükaksoy, Rector of Gebze Institute of Technology, who supported preparation and publication of the conference program and file as a sponsor. I wish this conference will be helpful and beneficial to us and all academic participants. I present my love and respects.

Prof.Dr.Erol EREN
Chairman of the Conference

THE EUROPEAN UNION EMPLOYEE PARTICIPATION SYSTEM IN MANAGEMENT DECISION MAKING PROCESS: A SURVEY ABOUT THE EFFECTS OF THE SYSTEM ON TURKISH EMPLOYEES IN THE MULTINATIONAL COMPANIES OPERATING IN TURKEY

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ABSTRACT

The aim of this paper is to find out that if it is possible to create an employee participation system by establishing the European Works Councils (EWCs) in a hundred multinational companies operating in Turkey. In this research 35 multinationals are selected from the European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS) 2006 EWC Database which contains the name of 445 multinationals including 5 Turkish multinational companies and 181 of them that already have had an EWC in the central management operating in Turkey. This study, also, aims to discover if the companies' central EWC established in the EU countries has any member from Turkey which is representing Turkish employees. As Turkey started negotiations, in June 2006 after the decision of Council on 3 October, 2005 for full membership. The employee participation system is among the most important features of the EU Company Law and SocialPolicy regulations and Turkey has to adopt the EU regulations to achieve full membership during the present accession period. The paper, also, aims to evaluate the key policy issues related to stakeholder approach and its some effects on Turkish and other multinational companies operating in Turkey. Today, Turkey is not a member of the EU and the European Economic Area but, stayed in the Custom Union since 1. June.1996. Therefore the regulations do not directly apply to Turkey before the full membership. As some Turkish companies gained a community-scale undertaking position during the Custom Union and falling into scope of the EU legal provisions. The regulations can be important for Turkish undertakings in two sircumstances before the full membership; a multinational based in the EU and having a subsidiary in Turkey and a Turkish multinational having subsidiaries within the EU which fulfil the tresholds.

***Key Words**: The EU Employee Participation System, European Works Councils; Employee Participation in Multinational Companies Operating in Turkey.*

INTRODUCTION

According to datas of the United Nations Conference on Trade and Development (UNCTAD) there were an estimated 77,000 transnational firms with some 770,000 foreign affiliates engaged in international business, mean that multinational companies (MNCs) are increasingly operating in multiple countries in 2005 (Collings,2007;1).

Besides globalization and Europeanization, and the benefits that are expected from free movements of factors of production within the European Union (EU), there are many developments that may affect workers negatively in this process. In order to lessen or eliminate these negative effects, the integration of the workers to the management who work in the companies has been taken place. As it is stressed in the article I-48 of the EU Constitution proposal, dated 18 June 2004, despite being accepted by some EU member states by referendum, but, some of them rejected it like France and Netherlands. As it is stated in the article II-87 of the EU constitution proposal, workers' right to information and consultation is put into a fundamental right (Kluge,2007;127).

The EU Law currently requires MNCs to inform and consult workers about certain corporate actions, such as mass layoffs. By 2008 more companies including 50 or more employees in the EU must inform and consult employees about employee related actions (Dessler,2005;658).

In order to ensure representation of employees' interests in MNCs, The European Council Directive No 94/45/EC of 22 September 1994, "*on the establishment of a EWCs or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees*" adopted. The Directive requires MNCs to build a channel between their decision making centre and employees' representatives from other locations which are affected by the decisions taken. The purpose of a EWC is to bring together employee representatives from the different countries in which MNCs have operations. The Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (Societas Europaea-SE) and Council Directive No 2001/86/EC of 8 October 2001 and the European Cooperative Society (SCE) Directive (2003/72/EC) also requires an establishment of participation system with regard to the involvement of employees in the SE (Hekimler,2004;307).

The EU social partners are sensitive on this subject because; considering labour is as not a commodity. So, the EU Law protects workers: *ordre communautaire social* (Bercusson,2006;27). The management board of the SE may be divided to Anglo-saxon type; one-tier board and Continental European-type; two-tier boards which executive and supervisory with involvement of employees to reduce conflicts and encourage cooperation between management and employees. According to the figures of the ETUI-REHS EWC Database of 2006, allready 1,141 EWC agreements recorded in the database, 909 EWCs has been created, 784 of which stil exist. 125 EWCs are not existing as a result of company mergers, de-mergers, takeovers and bunkrupties and there are currently 1432 MNCs by the EU directive that do not yet established an EWC in 2,204 MNCs in the EU (Kerckhofs,2006;4).

The EU-Turkey negotiation process which was started on 3 October 2005 and ongoing economic integration process in custom union since 1 January 1996 increased concentrations on the both sides undertakings. Cross-border mergers, takeovers, joint ventures and consequently a transnationalisation of the undertakings and groups of undertakings are increasing between companies operating in two or more EU Member States and in Turkey. According to EU regulations the central management of MNCs must inform and consult the employees through representatives of the employees about transnational issues that are affected by their decisions. Participation is a process that allows employees to exercise some actual influence over their work and the conditions under which they work. Also, participation defined as the level of involvement in the decision making process among managers and employees (Özcüre,Demirkaya,2007;634).

As MNCs making Turkish economy increasingly international and during this process its is expected by them to bring new management systems to Turkish companies (Nichols and Suğur, 2005;11). Increasing level of free movement of goods and services and production factors (although less labour and more capital required) during the EU-Turkey integration process also, transforms the balance of economic power between shareholders and stakeholders. Thus, it can reduce power imbalance, psychologically it satisfies some basic human skills, and for managerial reasons because it contributes to organizational effectiveness. But, making it work is difficult. Because it runs against the natural human instinct not to share power.

THE EU-TURKEY RELATIONS AND EMPLOYEE PARTICIPATION IN MANAGEMENT

The time of enlargement of the EU to Turkey is unknown, but, it represents one of the most important landmarks and the greatest challenge in the almost 50 year history of Turkey. Turkey was officially recognised as a candidate for full membership of the EU at Helsinki European Council, December 10-11, 1999 and a pre-accession strategy has begun for Turkey. This included the creation of accession partnership

documents, progress reports and participation in the European Community Programmes. In 2001, the government adopted its first National Programme outlining the measures to be undertaken for the adoption of Accession Partnership documents and the *acquis communautaire*. The National Programme of 2001 was revised in 2003 and is under revision again in 2007. Turkey started negotiations, in June 2006 after the decision of Council on 3 October, 2005 for the full membership. The latest Turkish National Programme underlines that focus should be placed on social dialogue. The EU Commission stated also, '*As regards social dialogue, no progress can be reported on the pending draft laws aimed at bringing the currently applicable Trade Union and Collective Bargaining, Strike and Lockout Laws in line with ILO and EU standards*'. The Council Decision of 23 January 2006 on the accession partnership with Turkey states that some of the country's short-term priorities are to "*establish conditions for an effective social dialogue by abolishing restrictive provisions on trade union activities' and to support social partners' capacity building efforts to increase their role in employment and social policy*" (Oke,Guray,2007;1).

Social dialogue is defined by the International Labour Organization (ILO) as; "*all types of negotiations, consultation or simply exchange of information between or among representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It thus covers a wide range of bipartite and tripartite information, consultation and negotiation arrangements. Collective bargaining is one of the specific forms of social dialogue. Mainly two factors determine social dialogue capacity at company level, notably the size of companies and the legal environment*".

The EU Employee Participation System in Management Decision Making

The European corporate governance model is consentrated on 'stakeholder value' and includes the protection of employees. Gratest challenges of Europeanisation and globalisation process forced some MNCs' central managements to adopt theirselves ongoing wide scale of the new EU company operating mechanisms and economic modelling.

The EU Member States have different systems of employee participation. Such as; Nordic, Anglo-Saxon, Germanic and "pluralist" systems. The systems influenced by a range of parameters such as; traditions, specific cultural features, different strategies and the relative strength of unions, employers and national policies in each country, produced a unique model of workers' representation. In some countries, protecting workers' interests lies exclusively within the remit of the unions, whilst in others there is a body elected by all workers or a mixed committee made up of representatives of the company management and the employees. Mixed committees chaired by the company management have to be set up in France, Luxembourg and Belgium, the 'Betriebsrate' in Germany, and their equivalents in Austria and the Netherlands, represents only the workers, who therefore also hold the chair. In a number of countries such as Italy, the arrangements agreed between both sides of industry have a greater importance. The approach by workers' representatives towards conflicts in all countries there is a trend towards less conflict (SDA and ETUCO,2004;2-3).

Today, the competitiveness of companies shouldn't be evaluated on the basis of the profit they are making for their shareholders. This is a traditional way. Employees have the right to be represented at company management in the EU. It is not only the social policy requirements it is also a part of good corporate governance (Kluge,2005;163-164).

The EWC Directive had created EWCs since 1996 and The European Company Statute Regulation and Directive in 2001 had created the European Company-Societas Europea (SE) which allows the involvement of the employees in decision making process since had come into force 8 October 2004 in the EU. This lagislative framework forms the basis for the European Social model which is unique as a management system in the World (Vitols,2003;1).

The aim of the Directive was to promote voluntary agreements on the constitution and operation of EWCs and also the Directives requires MNCs to build a channel between their decision making centre and employees' representatives from other locations which are affected by the decisions taken. The management board of the SE may be divided to Anglo-saxon type; one-tier board and Continental European-type; two-tier boards which executive and supervisory with involvement of employees to reduce conflicts and encourage cooperation between management and employees. There are worker representatives on company boards of directors in many EU countries (European Foundation for The Improvement of Living and Working Conditions,2006a;1-2).

With regard to the scale of the workers' representatives' potential influence on company decision-making, there is a considerable spread of situations, varying not only from system to system but also from case to case. Basically, the following distinctions may be drawn: information, consultation and participation. But, most EWC agreements limit the EWC's scope to dealing with transnational matters. Most of these agreements aim to limit the negative employment consequences of the restructuring, most frequently through redeployment within the group and/or to its business partners (as at Unilever) or other external parties, or through measures such as retraining or using part-time work. Some even include compulsory redundancies. Avoiding plant closures is a stated aim of several of the EWC agreements. When employees are transferred internally or externally, agreements such as Unilever provide very concrete guarantees on their future pay and conditions. Where jobs are to be lost, the texts generally favour measures such as voluntary departures and early retirement plus natural wastage (Carley and Hall,2006;9-10-55).

For example, The Lafarge EWC agreement defines the mission of the EWC: "*to foster the exchange of ideas and dialogue between the management and employee representatives on all economic, financial and social issues which, due to their importance and their global nature, are likely to concern the Group companies located in Europe. The EWC is informed of the economic, financial position and outlook for the group, the development of markets, major investments, any significant changes in its scope of consolidation, developments in employment and its corporate social policies (employment, training, working conditions). It is also informed of the group's involvement in major European projects. Discussions which take place at EWC meetings may also contribute to the definition of common approaches in the field of employment, training and working conditions*" (European Foundation for The Improvement of Living and Working Conditions,2005;2).

Employee Participation System in Turkey

In the absence of a bipartite employee participation system or broad-based statutory participation system in Turkey, collective bargaining seems to have served as a only platform for a limited participation of employees. Non-existence of employee participation in most private enterprises is likely to hinder the proper implementation of the EU Directives at enterprise level. A useful development for employee participation in Turkey would be the extension of rights scope to alloving works council system covering wider issues such as training, productivity, quality, job enrichment, and work organisation (Dereli,2003;15-16).

Today, there is a limited single-tier or unitary board employee participation system in Turkey. When the last Turkish Labour Law was proposed there were some regulations requiring employee representation for information and consultation purposes as means of the EU regulations. But, when the Labour Law was finally adopted, it didn't contain these type of regulations, because, goverment representatives, trade union and employers' associations are jointly rejected the proposal related with to employee participation through works councils which to be operating besides the trade unions in 2003.

Some legal change and adoptation of EU legislation has been needed in the middle run in Turkey. This is a necessity with the ILO and EU dimension for Turkish industrial relation system. But, arrangements which are parallel to EU law have not been accepted and Turkey has to comply with the EU regulations to achieve full membership of the EU during the present accession period (Özcüre,2005;233-234).

Alhough, the EU regulations can be important for Turkish undertakings in two circumstances before the full membership; firstly, a multinational based in the EU and having a subsidiary in Turkey and the employee participation regulations will be effecting the Turkish companies during the EU-Turkey integration process. Secondly, a Turkish multinational company which is operating in two or more EU member countries and having totaly 1000 employees and at least 150 employees each (Mozet,1996;166).

Workers participate through the union representatives, such as elected or nominated by unions. If elections are provided for in the statutes, all employees, members of a trade union, which has signed a collective bargaining, have a right to vote. Otherwise, there are nominations. Therefore industrial relation actors are not familiar with social dialogue. There is only one reason to be optimistic in the near future that the EU membership process will be supporting social partners to develop social dialogue arrangements in Turkey. It is the responsibility of the Ministry of Labour and Social Security (MoLSS) to develop the employee participation system which is similiar to the EU.

Legal foundations are Law Nr 2821 on trade union organisations and Law Nr 2822 on collective agreements. Set-up criteria in companies with a minimun of 5 workers, where a collective agreement has been concluded

with trade unions, the trade unions may nominate delegates. Public service employees are covered by a different system. Inter-establishment and/or group structure Composition in companies with: 5 to 50 employees: 1 delegate maximum; 51 - 100: 2 delegates maximum; 101 - 500: 3 delegates maximum; 501-1000: 4 delegates maximum; 1001-2000: 6 delegates maximum; over 2000: 8 delegates maximum (Çelik, 2007;409).
Protection rights of the employee representatives are legally accepted in Turkish Labour Law. Company-level collective agreements concluded by the trade unions exclusively cover wage issues and working conditions. Employee participation is insufficient both in legislation and in practice in the industrial relations system in Turkey. At sectoral level also, there is no provision by labour law. Bipartite employee participation system in private sector is inexistent. Representatives are directly elected or nominated by the trade unions. In case of cuts, plant closures, restructuring and redundansies consultation rights are not exepted but, employee representatives are informed in Turkey (SDA and ETUCO,2004;13).

The key tools for social dialogue at company level in Turkey are information and consultation procedures in collective redundancy, and procedures for informing employees about employment and working conditions. Dispute settlement mechanisms, such as mediation and arbitration also appear to play a role in the collective bargaining process. Works council do not organised in companies (Oke,Guray,2007;6).

Also, EWCs will be necessary in multinational companies if Turkey joins with the EU. Turkey is increasingly harmonising its legislation in preparation for EU accession. Part of this harmonisation entails the adoption of the *acquis communautaire*, the legislation that all EU members must share as members of a social, political and economic union. Important parts of the *acquis* cover employee participation process itself even when being voluntary for companies must go beyond the *acquis communautaire* and other existing national legislation in the EU (Michael,Riedmann,Dinler;2006).

According to the Labour Law, Article 60, some committees do exist at company level, in which employee participation takes place. Employees participate and also involve in various joint boards and commitees of enterprises thruogh several legislated arrangements in Turkey. Such as participation of employees' representatives in the annual vocation committee (in companies that have at least 100 employees), the occupational health and safety committee (in companies that have at least 50 employees and have been operating for more than six months), disciplinary boards...etc. Workers' representatives sit on the high-level tripartite boards and general assemblies upon the request of the Ministry of Labour. Workers' representatives sit on the high-level tripartite boards and general assemblies upon the request of the Ministry of Labour, for instance, minimum wage board, the Supreme Arbitration Board and General Assembly of the Social Insurance Organisation. The Labour Council is also composed of representatives of the ministrie concerned, universities as well as employees' and employers' organizations (Çelik,2007;411).

The German type employee participation system progressed which it requires special attention due to its intensiveness and co-determination rights which was also, intensive at the Turkish state economic-enterprises (SEEs) in the past (Eren,2005;47). Employee participation established by Act No 440 dated March 1964, which was a limited form of workers participation in the management boards of SEEs in Turkey. Their establishments started the discussions extending the outcome to private sector. Government attempted to enlarge the scope of participation and prepered several draft bills, but a several reason proposals did not accepted in 1978. There is only a single example of it in the history of industrial relations i.e. the 'Social Agreement' that was made in July 1978 between the government and the largest trade union confederation Türk-İş to create an employee participation system. The parliement abolished the participation rights in the Turkish SEEs after the military rule of 12 September 1980 in 1984 (Dereli, 2006;379)

According to the database of the ETUI-REHS 2006, totally 445 of all MNCs covered by the EWC directive have operations in Turkey. Moreover, among the approximate total of 169 MNCs have existing EWCs, nearly 38 % of the MNCs had operations in Turkey.

DESCRIPTION OF THE SURVEY SAMPLE AND METHODOLOGY

The starting point of the sample selection was the ETUI-REHS 2006 EWCs database which includes 445 multinational companies and selection criteria was MNCs which have subsidiaries in Turkey. This database includes largest internationalized companies of the world including 5 Turkish companies. We selected the MNCs among the companies operating in İstanbul, Kocaeli, Bursa and İzmir provinces which are the most industrial cities of Turkey. An effort was made through searching the MNCs' telephone numbers and web sites, and later we made telephone calls to MNCs' HR department managers, interviews and e-mailings. We

concluded the research by contacting 5 Turkish companies and 30 MNCs by telephone to learn contacting e-mail address of the HR managers and then we sent a questionnaire by e-mail to them. In all, 35 valid responses were received. Five Turkish companies' HR managers could not send back a completed questionnaire due to none presence of the EWC.

At statistical reseach, if the unit number is at least N=30, then the population mean is acceptable and considered to be normal (Serper, 2000;36). First of all, we asked companies' HR managers if their company has any employee representative attending the central EWC meetings or employee representatives from Turkey as an EU-candidate country are attended to be included at the EWC established at the head quarters of the company. If the answer was yes, then a questionnaire had been sent to them to discover the details as the country of origin, sector, consultation and information subjects which the EWC deals and name of the EWC and establisment year and an analysis of the actual functioning of EWC structures in Turkey. The survey has been concluded between the period of February 2007 and March 2008.

EWC Survey Results and Case Studies Related to The Multinational Companies Operating in Turkey

There are already total 445 MNCs which are falling the scope of EWC regulations operating in Turkey. The EWCs and other employee participation procedures will be issued if the MNCs deside to choose a system of participation of Turkish employees and accept their representatives from their subsidiaries located in Turkey (Özcüre,Demirkaya,2007;633-643).

The survey sample selected as 35 MNCs from the ETUI-REHS 2006 EWC database, which contains the name of these MNCs which the country of origins are; one of them from Sweden, two of them from Italy, three of them from the Netherlands, Japan, the UK, the USA and Switzerland, four of them from France, five of them from Turkey and eight of them from Germany. The MNCs are selected which varies employing at least thousands of employees to hundred thousands of employees within the AEA, for example, Siemens employs 330.510 employees within the EEA.

The survey results which has been summarised at belove Table 1 shows us that 10 MNCs are already have a Turkish representative at the EWCs as an observer or a guest sit. But, the participation rights of the Turkish representatives are not equal to the representatives of the AEA countries which the employees are represented as full member in the EWCs. The name of EWCs having Turkish representatives at the survey are such as; Areva EWC, Bosch Siemens Hausgerate European Committee, Bayer European Forum, Cognis EWC, Dow European Employee Forum, Festo EWC, Honda European Communication and Consultation Group, Merloni EWC, Metro Euro Forum and United Biscuits European Consultative Council. The other EWCs are still do not have any Turkish representative from Turkey.

According to ETUI-REHS 2006 EWC Database, Turkish companies which are having subsidiaries within the AEA and fulfilling the thresholds to issue an EWC are such as; Arçelik A.Ş., Koç Holding, Doğan Holding, Maser Holding and Şahinler Holding. They are falling in the scope of EWC Directive and must set up an EWC or other procedure upon request of 100 employees or management initiative in the EU or in Turkey to come first owner of the Turkish EWC. If a Turkish undertaking employs at least 1000 employees and least 150 employees within the two Member States of the EU, the regulations are applicable for this part of the group. These companies are also can form a SE in the future after deciding the employee participation structure. We have made interviews by face to face with the Turkish company, Arçelik HR manager and others by telephone and sent the questionnaire by email.

Belove Table 1 shows us that none of the these Turkish companies are established an EWC yet in Turkey. As our survey results clearly shows us that foreign MNCs are increasingly accepting members from their Turkish subsidiaries at the EWC meetings. This means that the integration of the representatives from Turkey is going to be a highly relevant issue for most EWCs. Already 10 MNCs have employee and management side representatives in the EWCs among examined 30 MNCs. We can estimate to seeing an increased number of EWCs accepting representatives from Turkey in the future. Although diversity of cultures, languages and different concepts of participation will characterise their consept.

This study has found that some of HR managers of the MNCs feel that EWCs are little or no value added for their company. In contrast, a second group of HR managers feel that EWCs have positive effects on communication with employees, on employee acceptance of management decisions and on the quality of decisions which management makes. Finally, this survey discussed also, for a possible time table to establish

an EWC in Turkey which is foreseen by the HR managers of the MNCs and we found out that some of HR managers are stated that it would be only possible after the full membership of Turkey. As Renault and other EU based MNCs also stated by the same way.

Table 1:The List of MNCs which has Susidiary/ies in Turkey Selected from the ETUI -REHS Database 2006 with or without Establishing the EWC and Their EWC Representatives Position From Turkey

EWC Name	Country	Multinational Company Name	Date of Establishment	EWC Representa-tives from Turkey	Employees in the EU and in the EEA
ABB Employees Council Europe	CH	ABB (apa)	08/07/1996	No	103.000
Akzo Nobel European Forum	NL	Akzo-Nobel	20/02/1997	No	35.780
Areva EWC	FR	Areva	03/12/2003	Yes	65.583
Autoliv European Employee Council	USA	Autoliv	16/05/2000	No	17.732
BASF Euro Dialog	DE	BASF	24/05/1994	No	86.032
BP Chemicals European Employee Forum	UK	British Petroleum	02/06/1994	No	31.279
Bosch Siemens Hausgerate European Committee	DE	Bosch Und Siemens Hausgeräte	09/09/1996	Yes	23.956
Bayer European Forum	DE	Bayer Group	04/10/1994	Yes	113.000
Carrefour EWC for Information & Consultation	FR	Carrefour	31/07/1996	No	108.572
Cognis EWC	DE	Cognis	2001	Yes	7.800
Dow European Employee Forum	USA	Dow Chemical Co	02/09/1996	Yes	17.070
DaimlerChrysler EWC	DE	Daimlerchrysler	25/07/1996	No	298.913
Festo EWC	DE	Festo	1998	Yes	4.854
Fortis EWC	NL	Fortis	20/09/1996	No	35.069
Glaxo SmithKline European Communication Forum	UK	GlaxoSmithKline	25/06/1997	No	46.000
Goodyear European Information and Communication Forum	USA	Goodyear	02/06/1999	No	24.783
Henkel Employee Committee for Europe	DE	Henkel	15/09/1994	No	25.424
Honda European Communication and Consultation Group	JP	Honda	01/03/1995	Yes	7.166
Japan Topacco EWC	JP	JTI	05/04/2000	No	36.465
Lafarge EWC	FR	Lafarge	08/12/1994	No	27.986
Merloni EWC	IT	Merloni Elettrodomestici	21/09/1993	Yes	4.136
Metro Euro Forum	GE	Metro	11/10/1999	Yes	26.490
Pirelli EWC	IT	Pirelli	03/11/1998	No	9.084
Renault Group WC	FR	Renault	05/05/1995	No	98.917
Roche Europa Forum	CH	Roche	19/04/2000	No	17.960
Siemens Europa Committee	DE	Siemens	23/10/1995	No	330.510
SGS European Forum	CH	SGS	16/09/1996	No	50.000
Toyota European Forum	JP	Toyota Motor Co.	10/07/1996	No	118.704
TeliaSonera EWC	SE	TeliaSonera	21/06/2005	No	16.561
Unilever EWC	NL	Unilever	20/09/1996	No	33.133
United Biscuits European Consultative Council	UK	United Biscuits (Holdings)	09/11/1994	Yes	24.801
No	TR	Arçelik A.Ş.	-	No	10.959
No	TR	Doğan Yayın Holding	-	No	2.880
No	TR	Koç Holding	-	No	93.808
No	TR	Maser Holding	-	No	6.000
No	TR	Şahinler Holding A.Ş.	-	No	9.000

Source: The ETUI-REHS Database 2006.

As the questionnaire received from the Areva, we are able to see clearly the view of the HR managers which, The **Areva EWC** was established in 2003 and has representatives from Turkey, representing both Turkish employees and Turkish subsidiary company Areva TD Enerji Endüstrisi A.Ş. management and an employee representative of blue collar worker and HR manager attends to the Areva EWC meetings. The main topics discussed at recent EWC meetings are such as; acquisitions and mergers, allocation of work between plants, changes in company organization, company's economic and financial position, employee benefits, health and safety, investment programs, language training, location of new plant, plant cutbacks or closures, training and

retraining and vacations. Areva HR department has described EWCs as a usefull tool for company management and it is a necessary legal obligation in the EU and AEA Countries and EU candidate countries also must be included. The HR manager feel that EWCs have somewhat positive effects on communication with employees, but, little or no effect on employee acceptance of management decisions and on the quality of decisions management makes and no important effect on the iplementation of new business strategies.

The **Unilever EWC** is established in 1996, today comprises 36 representatives delegated by employees from 20 countries. As a platform of information and consultation with the European Unilever Management includes members from the EU and AEA. Therefore this EWCs have not any member from Turkey, yet. That would only come into focus as soon as Turkey enters the EU (European Foundation for the Improvement of Living and Working Conditions,2006;5). Like Renault, Telia Sonera, Toyota, Siemens, Roche, Pirelli and other MNCs operating in Turkey replied by the same way (Jagodzinski *at al.*;2006).

The **Metro Euro Forum** established in 1999 according to applicable German Law has a Turkish EWC member, representing Turkish employees of Metro Stores and Cash and Carry Retail Markets from Turkey. Employee representatives meet once every year (ETUI-REHS EWC Database,2007).

The **Bayer** European Forum was set up in 1991, based on a written agreement between the company works council and Bayer AG's central management. The agreement covered the large Bayer production companies in Belgium, England, France, Italy, and Spain, as well as Bayer AG, the parent company at that time. In October 1994, the original agreement was replaced by an agreement between the group works council and the central management of the Bayer Group.

Today, the Bosch Group has about 300 subsidiary companies with a global workforce of roughly 260,000. The **Bosch EWC** was established in 1998 and has been amended by two protocol notes since then. Agreement includes members from Switzerland and Turkey as non-EU countries with guest status. The daily business of the Bosch EWC is run by an Executive Committee composed of three members (the German chairperson of the EWC plus two members elected by EWC delegates) (European Foundation for the Improvement of Living and Working Conditions,2008).

The Merloni Group's EWC performs a mainly informative function. In the case of the restructuring in Portugal, the EWC members received the information on the company reorganisation one year before the concrete implementation of the company strategy. The commitment expressed by the company in regard to resolving the problem of any employment cuts. The management considered it to be worthwhile extending the chance to join the EWC to Poland, Turkey and Russia.

CONCLUSION

The Europeanization and globalization of markets created important challenges of MNCs operating under the conditions of the custom union between the EU and Turkey. Turkish companies are increasingly evolving on a European scale, weaving increasingly complex business and financial relationships with one another, restructuring their activities and relocating many activities to regions with 'cheap' labour advantage. Nowadays, also, a few hundred giant multinational companies becoming to control major shares of Turkish companies and infulencing and benefiting from it. The negative effects of these company operations will be reduced through the establishment of EWCs and employee participation system. Turkey aims to become a full member of the EU. All the preparetions for this aim related to Turkish economy must be focused on the current economic model and impliations for a smooth integration. The questions which are related to company operating mechanisms are gaining significance. The EU corporate governance model also, considered as to an opportunity linked closely to economic growth of Turkey. Employee participation will enhance also Turkish companies and subsidiaries of the MNCs' stability and competitiveness operating in Turkey.

There is single-tier or unitary board employee participation system in Turkey and union monopoly is occured at workplaces and undertakings which is not equal to EU two-tier employee participation system. Employees participate in various joint boards and commitees of enterprises thruogh several legislated arrangements in Turkey. Participation of employees' representatives in the annual vocation committee, the occupational health and safety committe occurs but, these rights are not progressed and not equal to EU regulations. For increasing the participation rights and a smooth adoptation of the EU information and consultation rights, it must be guarantied by the Turkish Constitution, then Turkish Labour Law No 4857 dated 10 June 2003 must be amended for the establishments which are employing at least 20 workers and undertakings which are

employing at least 50 workers to setup works councils. This bodies also may be composed by the employer representatives as well as the employee representatives of MNCs and Turkish companies.

APPENDIX

CONFIDENTIAL

QUESTIONNAIRE
Employee Participation in Turkey and European Union: European Works Councils (EWC) and Human Resource Management in Multinational Enterprises

The survey prepered for **the 4th. International Strategic Management Conference, June 19-21,2008, Sarajevo, Bosnia and Herzegovina.** Your response will be treated completely confidentially. Please return filled-out questionnaire **by 17 April 2008 to:** Asst.Prof.Dr. Gürol ÖZCÜRE, by e-mail:gurolo@omu.edu.tr or e-mail to:hdk5828@gmail.com or by mail to: Ordu University, Ünye Faculty of Economics and Business Administration, Gölevi Mevkii, Devlet Sahil Yolu Uzeri, 52300 Ünye, ORDU, TURKEY.or by mail to Asst. Prof. Dr. Harun DEMİRKAYA, Kocaeli University, Gebze Vocational School, Gebze, KOCAELI, TURKEY Contacting Tel: +90 452 323 82 55 Fax: +90 452 323 82 56 or mobile phone:0532 683 95 16.

1. Name of company _____

2. Central Managements' Name of European Works Council (EWC) _____**and Foundation year of your Central Managements' European Works Council (EWC)**_____

3. Are employee representatives from Turkey as an EU-candidate country included at the EWC?

☐ .. Yes
☐ .. No

4. If the answer is yes, management and employee attendees at recent meetings ***(please check all that are applicable):***

☐ .. Personnel/HR director
☐ .. CEO
☐ .. Division head(s)
☐ .. Employee Representative
☐ .. Other (please specify)_____

5. If the answer is yes, main topics discussed at recent EWC meetings ***(please check all applicable):***

☐ .. Acquisitions and mergers
☐ .. Allocation of work between plants
☐ .. Changes in company organization
☐ .. Company's economic / financial position
☐ .. Employee benefits
☐ .. Employee mobility between countries
☐ .. Health and safety
☐ .. Investment programs
☐ .. Language training
☐ .. Location of new plant
☐ .. Manufacturing or work methods
☐ .. Plant cutbacks or closures
☐ .. Training and retraining
☐ .. Vacations
☐ .. Wages
☐ .. Working time

6. If the answer is yes, which best describes your view of the EWC?:

☐ .. It is a necessary legal obligation in the EU Memeber and AEA Countries and EU candidate countries also must be included.
☐ .. It is a responsible partner for co-managing the company
☐ ..Other (please specify):_____

7. If the answer is yes, please rate the impact of your EWC on:

a) Communication with employees

improves significantly	improves somewhat	no significant impact	worsens somewhat	worsens significantly
☐	☐	☐	☐	☐

b) Acceptance of management decisions by employees

improves significantly	improves somewhat	no significant impact	worsens somewhat	worsens significantly
☐	☐	☐	☐	☐

c) Quality of management decision-making

improves significantly	improves somewhat	no significant impact	worsens somewhat	worsens significantly
☐	☐	☐	☐	☐

d) Speed of decision making in the company

increases significantly	increases somewhat	no significant impact	decreases somewhat	decreases significantly
☐	☐	☐	☐	☐

e) Implementation of new business strategies

improves significantly	improves somewhat	no significant impact	worsens somewhat	worsens significantly
☐	☐	☐	☐	☐

Thank you for the time you have taken to fill out this questionnaire.
Would you like to receive a copy of the study? ☐☐ .. Yes ☐☐ .. No
Would you be willing to share your experiences with and thoughts on EWCs with us in a face-to-face interview? ☐☐ .. Yes ☐☐ .. No
If either of the last two answers was "yes", please attach a business card or provide the following contact information: Name _____
Address _____
Tel. Nr. _____
Email _____

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