Gürol Özcüre, Harun Demirkaya, Nimet Eryiğit and Gönül Yüce

The influence of the European Union employee participation system and related acquis on companies operating in Turkey

Abstract

The main object of this article is to evaluate the effect of the European Union system of employee participation and the related acquis *on Turkish companies and workforces. The article includes an evaluation of developments in the area of information, consultation and participation of employees in the management of Turkish national and multi-national companies (MNCs) operating in EU member states and in Turkey under conditions of the customs union operating since 1 January 1996. We also aim to find out the possibility of the establishment of European Works Councils (EWCs) in one hundred MNCs operating in Turkey, as well as to discover if these MNCs' central EWCs established in EU countries have any member from Turkey representing Turkish employees at the annual EWC meetings. The employee participation system is among the most important features of EU regulations which Turkey has to adopt to achieve full membership during the present accession period. We conducted our survey between the period February 2007 to March 2008 on the basis of a selection of 35 MNCs operating in Turkey.*

Keywords: *EU employee participation system, European Works Councils, employee participation in Turkey.*

Introduction

The employee participation system is among the most important subjects of EU company law and social policy. EU law currently requires multinational companies (MNCs) to inform and consult employees in order to ensure the representation of employees' interests on transnational issues on the basis of European Council Directive No. 94/45/EC of 22 September 1994 'On the establishment of EWCs or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees'.

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 by the management of the companies via an EWC or another chosen procedure. The purpose of the EWC is to bring together employee and employer representatives from the different EU member states and/or the European Economic Area (the EEA) in which the MNCs have operations.

The management boards of MNCs may be divided into the Anglo-Saxon type (single-tier boards); and the continental European type (two-tier executive and supervisory

boards), with the involvement of employees so as to reduce conflicts and encourage co-operation between management and employees.

Council Regulation No. 2157/2001/EC of 8 October 2001 'On the Statute for a European Company (Societas Europea – SE)'; Council Directive No. 2001/86/EC of 8 October 2001 'Supplementing the statute for a European company with regard to the involvement of employees'; and the European Co-operative Society (SCE) Directive No. 2003/72/EC also require the establishment of employee participation systems with regard to the involvement of employees in the SCE (Hekimler, 2004: 307).

Furthermore, Directive No. 2002/14/EC, dated 11 March 2002, 'Establishing a general framework for informing and consulting employees in the European Community', (Official Journal L080, 23/03/2002 P.0029-0034) came into being on 23 March 2005 to guarantee employees information and consultation rights in establishments employing at least twenty employees and undertakings employing at least fifty employees in all member states of the EU, including the UK and Ireland, since 23 March 2008.

Mechanisms for social dialogue have become one of the preconditions for EU accession. Turkey's accession process to the EU has been an important factor in remapping Turkish social policy and industrial relations since the late 1990s. The establishment of an Economic and Social Council in 1995, the enactments of the Public Servants Trade Union Law in 2001 and the new Labour Law in 2003, and further legislation preparations for new trade unions and strike, collective bargaining and lock-out laws may be seen as major examples of the EU's influence. It can be suggested that a sort of Europeanisation of Turkish social policy and industrial relations is taking place in the course of preparing for accession. In particular, the new Labour Law in 2003 has come to symbolise the process of change in the institutional structure (Yildirim and Calis,2008;214-218).

These changes are expected to take Turkey one step closer to the requirements of EU membership in the industrial relations area, although they are far from meeting all the requirements of the EU standards. In particular, the changes are not enough to meet all the EU criteria related to industrial relations and the system of employee participation. EU directives and regulations related to employee participation will not be directly applied to Turkish establishments and undertakings and companies in advance of full membership. As of today, however, some Turkish companies gained the position of being a community-scale undertaking during the customs union and fall into the scope of the EU legal provisions.

The EU-Turkey full membership negotiation process, which was started on 3 October 2005, and the ongoing customs union economic integration process underway since 1 January 1996, have increased concentration on the undertakings and companies of both sides. Cross-border mergers, takeovers and joint ventures, and consequently the trans-nationalisation of undertakings and groups of undertakings, are increasing between companies operating in two or more EU member states and also in Turkey (Mozet, 1996: 166; Özcüre and Demirkaya, 2007: 634). For example, banking and insurance companies operating in Turkey belonging to foreign-owned MNCs had a 63 % capital share at the end of 2008.

Besides globalisation and Europeanisation, and the benefits that are expected from the free movement of the factors of production within the EU, there are many deve-

lopments in this process that may affect employees negatively. In order to lessen or eliminate these negative effects, the integration into the management of employees who work in the companies has been taking place (Kluge, 2007: 127).

According to figures from the ETUI-REHS *2006 EWC Database*, 1 141 EWC agreements have already been recorded and 909 EWCs have been created, of which 784 still exist. Some 125 EWCs no longer exist as a result of company mergers, demergers, takeovers and bankruptcies. There are currently 1 432 MNCs fitting the terms of the EU directive that have not yet established an EWC out of a total of 2 204 MNCs in the EU (Kerckhofs, 2006: 4).

In this article, we aim to revisit EU-Turkey relations and to discover the *acquis* related to employee participation. We concluded a survey in Turkey during the period February 2007 to March 2008 and selected 35 MNCs from the European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS) *2006 EWC Database* which operate both in EU countries and in Turkey. We made great efforts to discover if the companies' central EWCs established in EU countries had any Turkish member from Turkey representing Turkish employees.

Today, Turkey is not a member of the EU or the European Economic Area. Therefore, the regulations do not directly apply to Turkey even though some Turkish companies gained the position of being a community-scale undertaking during the establishment of the EU-Turkey customs union, and thus currently fall within the scope of the EU legal provisions. The EU Directives related to employee participation can be important for Turkish undertakings in two circumstances prior to full membership of the EU: firstly, a multinational based in the EU and having a subsidiary in Turkey; and, secondly, a Turkish multinational having subsidiaries within the EU which fulfil the threshold criteria for establishing a EWC.

Turkey-EU relations in the context of Turkey's accession candidate status

Relations between the EU and Turkey started on 12 September 1963 with the Ankara Agreement which came into force on 1 December 1964. A timetable was decided upon within which to accomplish the aim of the free movement of goods, services and production factors, consisting of labour and capital, after a preparation, transition and then final period. Later, an Additional Protocol, signed in 1970 and coming into power in 1974, was intended to make the necessary reductions of customs duties on industrial goods on 1 December 1986, with the addition of allowing the free movement of production factors. All these regulations aimed to make Turkey a full member of the EU. Relations ceased for a couple of years after the military coup on 12 September 1980, but were then re-started leading to Turkey applying for full membership of the EU in 1987. However, this was not offered by the European Commission as a result of Article 28 of the 'Agreement establishing an Association between the European Economic Community and Turkey' *Official Journal of the European Communities* L217, 1964, which requires that this target needs the detailed agreement and decision of the European Community-Turkey Association Council.

Today, Turkey is not a full member of the EU and/or the European Economic Area but has remained within a customs union with the EU since 1 January 1996. Turkey was officially recognised as a candidate country for full membership of the EU at the

Helsinki European Council, which took place on 10-11 December 1999. After that date, a pre-accession strategy for Turkey was commenced. This included the creation of accession partnership documents, progress reports and participation in 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 in 2007. The decision at the December 2004 EU summit to begin the process of admitting Turkey into the EU led to negotiations starting with Turkey in June 2006, subsequent to the decision of the Council on 3 October 2005 to approve Turkey's compliance with the Copenhagen Criteria for full membership.

The European Council heralded the:

> Decisive progress made by Turkey in its far-reaching reform process and expressed its confidence that Turkey will sustain that process of reform,

and invited the Commission to present a framework for negotiations with Turkey at the end of over forty years of Turkish efforts to join and participate fully in the process of European integration. Full membership for Turkey was always a long-term objective, but Turkey's formal application for EU membership in 1987 preceded those of all the countries that joined the EU in 1995, 2004 and 2007; the pursuit of EU membership for Turkey has been a painfully slow process (Redmond, 2007: 305).

The EU is blocking Turkish membership during the negotiations process over chapter eight relating to the customs union and the free movement of goods between Cyprus and Turkey due to disputes over the equal presentation rights of Northern Turkish Cypriot citizens within a unified Republic of Cyprus.

EU policy in terms of the social dialogue can be sub-divided into three main areas: that of the macro-level social dialogue; the sectoral social dialogue; and, crucially, the creation of European Works Councils. EWCs are important for both national- and European-level industrial relations. Subsequent to the Ankara Agreement, EU norms relating to social policy and industrial relations have progressed and changed fundamentally.

Trade unions organising mainly blue-collar employees subject to the Labour Act (2003) operate on the basis of the Trade Unions Act (1983) and the Collective Bargaining, Strike and Lock-out Act (1983). Concerning both of the latter, preparations for revision have recently been started. There are also unions organising public servants under the jurisdiction of the Public Servants Act (1965) which operate on the basis of the Public Servants Trade Unions Act (2001). Overall, union density is estimated to be around 10-15 per cent of the total labour force in Turkey (Yildirim and Calis, 2008: 214).

According to data from the United Nations Conference on Trade and Development (UNCTAD), there were in 2005 an estimated 77 000 transnational firms with some 770 000 foreign affiliates engaged in international business, meaning that MNCs are increasingly operating in multiple countries (Collings, 2007: 1). MNCs are making the Turkish economy increasingly international and, during this process, it is expected that

they will bring a new management and industrial relations system to Turkey (Nichols and Sugur, 2005: 11).

The increasing level of the free movement of goods and services and production factors during the EU-Turkey integration process (although less labour and more capital are required) is also transforming the balance of economic power between shareholders and stakeholders. Making it work is difficult since it runs contrary to natural human instincts not to share power. However, it can reduce the power imbalance and contribute to organisational effectiveness.

The EU employee participation system

The European *acquis* includes the protection of employees through several arrangements related to the system of employee participation. EU member states have different systems of employee participation, such as the Nordic, Anglo-Saxon, Germanic and 'pluralist' systems, influenced by a range of parameters such as traditions, specific cultural aspects, different strategies and the relative strength of unions, employers and national policies in each country, producing a unique system model for worker representation. In some countries, protecting employees' interests lies exclusively within the remit of the unions; in others, there is a body elected by all employees, or a mixed committee made up of representatives of the company management and employees. Mixed committees chaired by the company management have must be set up in France, Luxembourg and Belgium; the 'betriebsräte' in Germany, and their equivalents in Austria and the Netherlands, represent only employees who, therefore, also hold the chair. In a number of countries, such as Italy, arrangements agreed between both sides of industry have greater importance. The approach by employee representatives towards conflicts in all countries indicates a trend towards less conflict (SDA and ETUCO, 2004: 2-3).

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

The EWC Directive created European Works Councils in 1996, while the European Company Statute Regulation and Directive in 2001 created the European Company, or Societas Europea (SE), which allows the involvement of employees in the decision-making process since coming into force in the EU on 8 October 2004. This legislative framework forms the basis for the European social model, which is unique as a management system in the world (Vitols, 2003: 1).

European Works Councils will be necessary in MNCs if Turkey joins 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 the social, political and economic union. Important parts of the *acquis* cover the employee participation process itself; even when voluntary, companies must go beyond the *acquis communautaire* and other existing national legislation in the EU (Michael *et al*, 2006).

The EU *acquis* other than the Ankara Agreement and the Additional Protocol already adopted in Turkey consists of the decisions of the EC-Turkey Association Council covering the period between 1974 and 1 January 1996; then the period of customs union since the beginning of 1996; and, currently, the accession partnership and negotiation period operating since 2005. However, the main target is full membership since this guarantees access to the EU's single market and to EU funds and a seat at the EU decision-making table; only full EU members have a role in determining the EU's rules and regulations.

The EU *acquis* currently requires MNCs to inform and consult employees in order to ensure the representation of employees' interests. European Council Directive No. 94/45/EC of 22 September 1994 'On the establishment of EWCs or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees' has been adopted. This 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 an EWC is to bring together employee representatives from the different countries in which MNCs have operations (Hekimler, 2004: 307).

Other statutory elements in the framework include Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company [Official Journal L294 of 10 November 2001]; Council Directive No. 2001/86/EC of 8 October 2001, complementing the Statute for a European Company with regard to the involvement of employees in the European company [Official Journal L294 of 10 November 2001]; and Council Directive No. 2002/14/EC, dated 11 March 2002 and which entered into force in EU countries on 23 March 2005. The UK and Ireland completed the adoption of the directive on 23 March 2008.

In 1989 and in 2000, all members of the European Community, with the exception of the United Kingdom, adopted the Community Charter of the Fundamental Social Rights of Workers. The UK eventually signed the Charter following the election of a new government in May 1997. The EU's Fundamental Social Rights of Workers include information, consultation and participation rights for workers (Articles 17-18).

Council Directive No. 75/129/EC, dated 17 February 1975, amended as 98/59/EC of 20 July 1998 'On the approximation of the laws of the member states related to collective redundancies in 1998, protecting workers' rights during a transfer of undertakings"; Council Directive No. 77/187 of 14 February 1977, as amended by Directive 98/50/EC of 29 June 1998 and consolidated in Directive 2001/23 of 12 March 2001, 'On the approximation of the laws of the member states related to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses'; and Council Directive 91/533/EC of 14 October 1991 'On an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship'; and Directive Nos. 80/1107 and 89/391 related to 'health and safety issues' also have other information and consultation procedures.

Participation is a process that allows employees to exercise some actual influence over their work and the conditions under which they work. Also, participation may be defined as the level of involvement in the decision-making process of managers and employees.

Most EWC agreements limit the scope of the EWC to dealing with trans-national matters. Most of these agreements aim to limit the negative employment consequences of restructuring, most frequently through redeployment within the group and/or to its business partners (such as at Unilever) or other external parties, or through measures such as retraining or the use of part-time work. Some even include compulsory redundancies. Avoiding plant closures is a stated aim of several EWC agreements. When employees are transferred internally or externally, agreements such as that at Unilever provide very specific guarantees about future pay and conditions. Where jobs are to be lost, the texts generally favour measures such as voluntary departures and early retirement (Carley and Hall, 2006: 9-10, 55).

The greatest challenges of the Europeanisation and globalisation process have forced the central managements of MNCs to adapt themselves to the continuing broad sweep of the new EU company operating mechanisms and economic modelling.

Establishment of the employee participation system in companies operating in Turkey

Today, there is a limited single-tier or unitary board employee participation system in Turkey. In the absence of a bipartite employee participation system, collective bargaining seems to be serving as the only platform for the limited participation of employees. The 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 an extension of the scope of rights as far as allowing the works council system to cover wider issues such as training, productivity, quality, job enrichment and work organisation (Dereli, 2003: 15-16).

When the most recent Turkish Labour Law was proposed, as prepared by the scientific advisory committee, there were some regulations which required employee representation for the purposes of information and consultation as a reflection of the EU regulations. However, when the Labour Law was finally adopted, it did not contain these types of regulations because government representatives, trade unions and employer associations had jointly rejected the proposal in 2003.

The Turkish National Programme of 2003 (ABGS, 2004) underlined that the focus should be placed on social dialogue. The EU Commission had stated:

> 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.

Council Decision of 23 January 2006 on the accession partnership with Turkey states that the country's short-term priorities include among them:

> Establishing conditions for an effective social dialogue by abolishing restrictive provisions on trade union activities and supporting the social partners' capacity building efforts to increase their role in employment and social policy.

The timescale for the enlargement of the EU to include Turkey is unknown, but it represents one of the most important landmarks and the greatest challenge in almost fifty years of Turkish history (Oke and Guray, 2007: 1).

Some legal change and adaptation to the EU legislation is required in the medium-term in Turkey. This is a necessity given the ILO and the EU dimension. Arrangements which conform to the EU law have, however, not been accepted, yet Turkey must comply with such regulations to achieve full membership of the EU during the present accession period (Özcüre, 2005: 233-234).

Employees participate in management through union representatives, i.e. those elected or nominated by trade unions. If elections are provided for in the statutes, all employees who are members of the trade union which is recognised for collective bargaining have the right to vote. Otherwise, nominees may be used. Therefore, the industrial relations actors are not familiar with the process of social dialogue. There is only one reason to be optimistic that, in the near future, the EU membership process will support the social partners to develop social dialogue arrangements in Turkey.

The existing legal foundations within Turkey are Law No. 2821 on trade union organisations and Law No. 2822 on collective agreements. The establishment criteria is that, in companies with at least five workers and where a collective agreement has been concluded with trade unions, the unions may nominate delegates. Public service employees are covered by a different system, while criteria for inter-establishment and/or group structures also vary. Composition in companies with five to fifty employees: one delegate; 51 to 100: up to two delegates; 101 – 500: up to three delegates; 501-1 000: up to four delegates; 1 001 – 2 000: up to 6 delegates; over 2 000: up to eight delegates (Çelik, 2007: 409).

Rights of protection for employee representatives are legally accepted in the Turkish Labour Law. Company-level collective agreements concluded by trade unions exclusively cover issues of wages and working conditions. However, employee participation is insufficient both in legislation and in practice in the system of industrial relations in Turkey. There is also no provision for this practice within the Labour Law at sectoral level. Furthermore, the bipartite employee participation system in the private sector is non-existent: representatives are directly elected or nominated by the trade unions but, in the case of job cuts, plant closures, restructuring and redundancies, consultation rights are not accepted although employee representatives in Turkey do tend to have the right to information (SDA and ETUCO, 2004: 13).

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

According to Article 60 of the current Turkish Labour Law, some committees do exist at company level in which employee participation takes place. Employee involvement and participation operates through various joint boards and enterprise committees via several legislated arrangements in Turkey. These include the participation of employee representatives in the annual vocation committee (in companies that have

at least one hundred employees); the occupational health and safety committee (in companies that have at least fifty employees and which have been operating for more than six months); disciplinary boards; etc. Worker representatives sit on high-level tripartite boards and general assemblies at the request of the Ministry of Labour, such as the Minimum Wage Board, the Supreme Arbitration Board and the General Assembly of the Social Insurance Organisation. The Labour Council is also composed of representatives of the ministries concerned and universities as well as employee and employer organisations (Çelik, 2007: 411). Thus has a German-type employee participation system progressed; this requires special attention due to its extensiveness and due to the co-determination rights which have also been extensive in Turkish state economic enterprises in the past (Eren, 2005: 47).

Employee participation was established by Act No. 440, dated March 1964; this was a limited form of worker participation in the management boards of state economic enterprises in Turkey. Such establishments started discussions to extend the outcome to the private sector. The government attempted to enlarge the scope of participation and prepared several draft bills but, for several reasons, proposals were not accepted until 1978. There is only a single example of this 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. In 1984, parliament abolished participation rights in Turkish state economic enterprises subsequent to the military rule of 12 September 1980. Public servants are subject to administrative law and so the Public Servants Trade Union Act (2001) envisaged merely collective negotiations between the public servants unions and the government, although the Act does not use the terms 'collective bargaining' or 'collective agreement' (Dereli, 2006: 375-379).

According to the ETUI-REHS 2006 European Works Council database, there are already a total of 445 multinational corporations which would fall within the scope of the EWC regulations were these to be operating in Turkey. Moreover, among the approximate total of 169 companies within which there were EWCs already in existence at the central management level, nearly 38 % had operations in Turkey. EWC and other employee participation procedures will be regulated if MNCs decide to choose a system of participation in respect of Turkish employees and accept representatives from their subsidiaries located in Turkey (Özcüre and Demirkaya, 2007: 633-643).

Survey into the EWCs of companies operating in Turkey which accept representatives from Turkey

The ETUI-REHS 2006 EWC database contains the name of 445 multinationals, including thirty foreign investors and five Turkish MNCs, 181 of which already have an EWC in the central management. Size varies, but the companies employ at least thousands, and up to hundreds of thousands, of employees within the EU and the European Economic Area.

We selected a number of MNCs from among companies operating in the İstanbul, Kocaeli, Bursa and İzmir provinces which are the most industrialised cities of Turkey. Effort was directed to searching for the telephone numbers and websites of the MNCs and we concluded the research by telephone to learn the e-mail addresses of the MNCs'

HR managers, to whom we e-mailed a questionnaire. In all, 35 valid responses were received. HR managers in five Turkish companies could not send back a completed questionnaire due to there being no EWC. Face-to-face interviews were also held with the HR manager of the Turkish company, Arçelik, as well as with other representatives.

In statistical research, if the unit number is at least thirty then the population mean is acceptable and considered to be normal (Serper, 2000: 36). First of all, we asked HR managers if their company had any employee representatives attending central EWC meetings. If the answer was yes, then a questionnaire was sent to discover details such as country of origin, sector and the information and consultation subjects with which the EWC deals, as well as the name of the EWC, its year of establishment and an analysis of the actual functioning of EWC structures in Turkey.

The Turkish companies which have subsidiaries within the EU and EEA, and which fulfil the criteria thresholds for an EWC are: Arçelik A.Ş; Koç Holding; Doğan Holding; Maser Holding; and Şahinler Holding.

Companies falling within the scope of the EWC directive must, according to EU law, set up an EWC or other procedure either at the request of one hundred employees or at the initiative of the management in the EU or in Turkey. If a Turkish undertaking employs at least 1 000 employees and at least 150 employees within two member states of the EU, the regulations are applicable for this part of the group. These companies can also form a European company (SE) in the future after deciding on a structure for employee participation.

Table 1 below shows us that no Turkish company has yet established an EWC in Turkey. Foreign-owned MNCs are, however, increasingly accepting members from their Turkish subsidiaries at EWC meetings. This means that the integration of representatives from Turkey is going to be a highly relevant issue for most EWCs. Already, ten MNCs of those examined in this study have employee and management side representatives in the EWCs and we can anticipate seeing an increased number of EWCs accepting representatives from Turkey in the future. Nevertheless, the diversity of cultures and languages, and the different concepts of participation, will continue to characterise their approach.

Table 1 – List of MNCs with subsidiary/ies in Turkey, with or without an EWC, and the position of EWC representatives from Turkey

EWC name	Country	Company name	Date of establishment of EWC	EWC member/s from Turkey	No. of employees in the EU and EEA
Areva EWC	FR	Areva	3.12.2003	Yes	65 583
Autoliv European Employee Council	USA	Autoliv	16.5.2000	No	17 732
BASF Euro Dialog	DE	BASF	24.5.1994	No	86 032
BP Chemicals European Employee Forum	UK	British Petroleum	2.6.1994	No	31 279

EWC name	Country	Company name	Date of establish-ment of EWC	EWC member/s from Turkey	No. of employees in the EU and EEA
Bayer European Forum	DE	Bayer Group	4.10.1994	Yes	113 000
Carrefour EWC for Information & Consultation	FR	Carrefour	31.7.1996	No	108 572
Cognis EWC	DE	Cognis	2001	Yes	7 800
Dow European Employee Forum	USA	Dow	2.9.1996	Yes	17 070
DaimlerChrysler EWC	DE	Daimler Chrysler	25.7.1996	No	298 913
Festo EWC	DE	Festo	1998	Yes	4 854
Fortis EWC	NL	Fortis	20.9.1996	No	35 069
Glaxo SmithKline European Communication Forum	UK	GlaxoSmith Kline	25.6.1997	No	46 000
Goodyear European Information and Communication Forum	USA	Goodyear	2.6.1999	No	24 783
Henkel Employee Committee for Europe	DE	Henkel	15.9.1994	No	25 424
Honda European Communication and Consultation Group	JP	Honda	1.3.1995	Yes	7 166
Japan Tobacco EWC	JP	JTI	5.4.2000	No	36 465
Lafarge EWC	FR	Lafarge	8.12.1994	No	27 986
Merloni EWC	IT	Merloni	21.9.1993	Yes	4 136
Metro Euro Forum	GE	Metro	11.10.1999	Yes	26 490
Pirelli EWC	IT	Pirelli	3.11.1998	No	9 084
Renault Group WC	FR	Renault	5.5.1995	No	98 917
Roche Europa Forum	CH	Roche	19.4.2000	No	17 960
Siemens Europa Committee	DE	Siemens	23.10.1995	No	330 510

EWC name	Country	Company name	Date of establishment of EWC	EWC member/s from Turkey	No. of employees in the EU and EEA
SGS European Forum	CH	SGS	16.9.1996	No	50 000
Toyota European Forum	JP	Toyota Motor	10.7.1996	No	118 704
TeliaSonera EWC	SE	Telia Sonera	21.6.2005	No	16 561
Unilever EWC	NL	Unilever	20.9.1996	No	33 133
United Biscuits European Consultative Council	UK	United Biscuits	9.11.1994	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: ETUI-REHS Database 2006.

This study finds that some HR managers in MNCs feel that EWCs add little or no value to their company. In contrast, a second group of HR managers feel that EWCs do have positive effects as regards communication with employees, on employee acceptance of management decisions and on the quality of management decision-making. The survey also discussed the views of HR managers in MNCs of the possible timetable for establishing an EWC in Turkey; we found that some HR managers believe this would only be possible after Turkey's full EU membership.

From the questionnaire received from the **Areva EWC**, we are able to establish the view of the HR manager in this area. The Areva EWC has representatives from Turkey and an employee representative of blue-collar workers and the HR manager attends the meetings of the EWC.

The main topics discussed at recent EWC meetings include: acquisitions and mergers; the allocation of work between plants; changes in company organisation; the company's economic and financial position; employee benefits; health and safety; investment programmes; language training; the location of new plant; plant cutbacks and closures; training and retraining; and holiday leave.

The Areva HR department describes the EWC as a useful tool for the company management, while observing that it is a necessary legal obligation in EU and EEA countries and that EU candidate countries must also be included. The HR manager feels that EWCs have somewhat positive effects on communications with employees, but little or no effect on the level of employee acceptance of management decisions and on the quality of management decision-making and no important effect on the implementation of new business strategies.

The **Unilever EWC**, which was established in 1996, today comprises 36 representatives delegated by employees from twenty countries. A platform for information and consultation with European Unilever management, the EWC includes members from the EU and the EEA – so, therefore, this EWC does not yet include any member from Turkey (European Foundation for the Improvement of Living and Working Conditions, 2006: 5). This will only come into focus when Turkey enters the EU. Other companies such as Renault, Telia Sonera, Toyota, Siemens, Roche and Pirelli, amongst other MNCs operating in Turkey, replied in the same fashion (Jagodzinski *et al*, 2006).

The survey results can be summarised as highlighting that ten MNCs already have a Turkish representative sitting either as an observer or as a guest. However, the participation rights of the Turkish representatives are not equal to those representatives of EEA countries where employees are represented on the EWCs by full members. The names of the EWCs with Turkish representatives in the survey are: 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 twenty EWCs in the total still do not have any representative from Turkey.

The **Metro Euro Forum** was established in 1999 according to applicable German law and has a Turkish EWC member who represents the employees of Metro Stores and Cash and Carry Retail Markets in Turkey. The employee representatives meet once a 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 group.

Today, the Bosch Group has about 300 subsidiary companies with a global workforce of roughly 260 000 people. The **Bosch EWC** was established in 1998, since which time it has been amended by two protocol notes. The agreement encompasses members from Switzerland and Turkey as non-EU countries, with these having guest status. The daily business of the Bosch EWC is run by an executive committee composed of three members (the German chair of the EWC plus two members elected by EWC delegates) (European Foundation for the Improvement of Living and Working Conditions, 2008).

The **Merloni EWC** performs a mainly information-based function. In the case of restructuring in Portugal, the EWC members received information on the re-organisation of the company one year before the actual implementation of the company's stra-

tegy, a commitment expressed by the company with a view to resolving the problem of any cuts in employment. The management considered it worthwhile to extend the opportunity to join the EWC to representatives from Poland, Turkey and Russia.

Conclusion

There is a single-tier employee participation system in Turkey and union monopoly is the case in workplaces and undertakings. This is not equal to the EU two-tier system of employee participation. It is the responsibility of the Ministry of Labour and Social Security to develop a system of employee participation which is similar to that of the EU.

Employees participate in various joint boards and enterprise committees via a series of legislative arrangements in Turkey. The participation of employees' representatives in the annual leave committee and the occupational health and safety committee does occur, but these rights are not progressive and are not equal to the EU regulations. In terms of increasing participation rights and the smooth adaptation of the EU's information and consultation rights, it must first be guaranteed by the Turkish Constitution and then Turkish Labour Law No. 4857, dated 10 June 2003, must be amended so that establishments employing at least twenty workers and undertakings employing at least fifty workers may set up works councils. These bodies may be composed also of employer representatives as well as representatives of employees of MNCs and Turkish companies.

Today, there is no employee participation body or council established in Turkey at workplace or company level, or at EU level, in terms of establishing EWCs, out of a hundred multinational companies operating in Turkey. As we know already, the non-existence of employee participation in most private enterprises is likely to hinder the proper implementation of EU directives at enterprise level.

Europeanisation and the globalisation of markets has created important challenges for MNCs operating under conditions of the customs union between the EU and Turkey. Turkish companies are increasingly evolving on a European scale, are weaving increasingly complex business and financial relationships with one another, are restructuring their activities and are relocating many activities to regions with a 'cheap' labour advantage. Nowadays also, a few hundred giant multinational companies are controlling the majority of shares of Turkish companies and are influencing and benefiting from it. The negative effects of these company operations will be reduced through the establishment of EWCs and a system of employee participation stemming from Turkey's aim to become a full member of the EU. All the preparations for this aim which are related to the Turkish economy must be focused on the current economic model and the implications for a smooth path of integration in which questions related to company operational mechanisms are gaining in significance. The EU's corporate governance model is also considered as an opportunity, being linked closely to the economic inte-

gration of Turkey and the EU. Finally, employee participation will also enhance the stability and competitiveness of Turkish companies.

References

ABGS (Avrupa Birligi Genel Sekreterligi) (2009) *2001 (revised in 2003 and 2008) National Programme for the Adoption of the Acquis* available from: http://www.abgs.gov.tr/index.php?p=42260&l=1 [accessed 25 February 2009].

Carley, M and M. Hall (2006) *European Works Councils and Transnational Restructuring* European Foundation for the Improvement of Living and Working Conditions: Dublin. Available from: www.eurofound.europa.eu [accessed 1 April 2007].

Çelik, N (2007) İş Hukuku Dersleri, Yenilenmiş 20. Bası, Beta Basım Yayım Dağıtım A.Ş, İstanbul.

Dereli, T (2006) 'Labour Law and Industrial Relations in Turkey', in R. Blanpain (ed.), *International Encyclopaedia of Labour Law and Industrial Relations* Vol. 13, ELL. Suppl.- 306 (Alphen aander Rijn, Kluwer Law International), 1-389.

Dereli, T (2003) '21.Yüzyıla Girerken Batıdaki Gelişmeler Karşısında Türk Endüstri İlişkileri Sistemi: Karşılaştırmalı Bir Değerlendirme' İktisat Fakültesi Sosyal Siyaset Konferansları 45. Kitap, İstanbul: İstanbul Üniversitesi Yayın No: 4401, İktisat Fakültesi yayın No: 573, pp.3-23.

Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community.

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0014 [accessed on 14 March 2005].

Eren, E (2005) İşletmelerde Stratejik Yönetim ve İşletme Politikası, Genişletilmiş Yedinci Baskı, Beta Basım Yayım Dağıtım A.Ş, Yayın No: 1203, İşletme Ekonomi Dizisi: 138, İstanbul.

European Foundation for the Improvement of Living and Working Conditions (2008) *Codes of conduct and international framework agreements: New forms of governance at company level Case study: Bosch* Dublin.

European Foundation for the Improvement of Living and Working Conditions (2006) *European Works Councils and transnational restructuring* Luxembourg: Office for Official Publications of the European Communities, Dublin. www.eurofound.europa.eu [accessed 1 April 2007].

ETUI-REHS (2007) *Database on European Works Councils* available from: http://www.ewcdb.org [accessed 5 November 2007].

ETUI-REHS (2006) *European Works Councils – Fact and Figures 2006* available from: http://www.worker-participation.eu/About_wp/publications/european_works_councils _facts_and_figures _2006 [accessed 1 April 2007].

Hekimler, A (2004) Avrupa Endüstri İlişkiler Sisteminin Belkemiği: Avrupa Çalışma Konseyleri ve Uygulamaları, AB-Türkiye ve Endüstri İlişkileri, Editör: Alpay Hekimler, İstanbul: Beta Basım A.Ş, pp. 307-351.

Jagodzinski, R, D. Prazakova and S. Stracke (2006) *EWCs in the new Member States* European Foundation for the Improvement of Living and Working Conditions, EF/06/65/EN C8: Brussels.

Kerckhofs, P (2006) *European Works Councils Facts and Figures* European Trade Union Institute for Research, Education and Health and Safety (ETUI-REHS): Brussels.

Kluge, N (2007) *Codetermination and Corporate Governance, Social Embedding and the Integration of Markets An Opportunity for Transnational Trade Union Action or an Impossible Task?* O. Jacobi, M. Jepsen, B. Keller and M. Weiss (eds.) Hans-Böckler-Stiftung: Düsseldorf, pp. 121-134.

Kluge, N (2005) 'Corporate Governance with Co-determination – A Key Element of the European Social Model' *Transfer* European Review of Labour and Research Quarterly of the ETUI-REHS Research Department, 11(2), Summer, pp. 163-177.

Michael, B, J. Riedmann and S. Dinler (2006) *Implementing CSR Programmes in Turkish Companies: How to Do it and Why* available from: http://kssd.org/ingilizceyayinlar.htm [accessed 1 April 2008].

Mozet, P (1996) 'European Works Councils Recent Developments and Perspectives in Information and Consultation of Employees' paper presented at *Industrial Relations Towards the New Century: Democracy, Development and Contemporary Labour Standards*, Turkish Industrial Relations Association Second International Industrial Relations Congress, 30 November – 1 December 1995, Dedeman Hotel, İstanbul, Kamu-İş, prepared for publication by Dr. Nusret Ekin and Süleyman Özdemir, Ankara, pp. 163-167.

Nichols T and N. Suğur (2005) Global İşletme, Yerel Emek Türkiye'de İşçiler ve Modern Fabrika**,** İletişim Yayınları 1082, Araştırma-İnceleme Dizisi 180, İstanbul.

Oke, M. and M. Guray (2007) *Capacity building for social dialogue at sectoral and company level* European Foundation for the Improvement of Living and Working Conditions, Dublin.

Özcüre, G and H. Demirkaya (2007) Türkiye'de Faaliyet Gösteren Çok Uluslu Şirketlerde Avrupa Birliği'nde Uygulanan Çalışanların Yönetime Katılması Gerçekleştirilebildi mi? (Sistemin Türk Çalışanlara Etkileri Üzerine Uygulamalı Bir Ön Araştırma) 15. Ulusal Yönetim ve Organizasyon Kongresi Bildiriler Kitabı (Genişletilmiş Özet), 25-27 Mayıs 2007, Sakarya Üniversitesi, İktisadi ve İdari Bilimler Fakültesi, Sakarya, pp. 633-643.

Özcüre, G (2005) 'The European Company Corporate Governance Model and Employee Participation in Decision-Making Process' proceedings of International Strategic Management Conference *Strategic Management from National and Global Perspectives* June 23-25, Kolin Hotel, Çanakkale, Turkey, pp. 227-235.

Redmond, J (2007) 'Turkey and the European Union: Troubled European or European trouble?' *International Affairs* 83(2), Blackwell Publishing Ltd/The Royal Institute of International Affairs, pp. 305-317.

SDA and ETUCO (2004) *Worker Representation Systems in The European Union and The Accession Countries* Social Development Agency (SDA) and European Trade Union College (ETUCO), European Commission: Brussels.

Vitols, S (2003) *Management Cultures in Europe: European Works Councils and Human Resource Management in Multinational Enterprises* Final Report of a Study Commissioned by the Forum Mitbestimmung und Unternehmen (Forum Co-determination and Enterprises), a joint initiative of the Bertelsmann Foundation and the Hans-Böckler-Stiftung, available from: http://www.boeckler.de/pdf/mbportal _ewc_final_report.pdf [accessed 11 June 2005].

Yildirim, E and S. Calis (2008) 'The impact of EU accession on Turkish industrial relations and social dialogue' *Industrial Relations Journal* 39(3), pp. 212–228.

Appendix I

CONFIDENTIAL

QUESTIONNAIRE

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

1. Name of company
   _____

2. Central Management's Name for the European Works Council (EWC)
   _____

and the year of foundation of your Central Management's European Works Council (EWC) _____

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

   □ .. Yes
   □ .. No

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

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

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

   □ .. Acquisitions and mergers
   □ .. Allocation of work between plants
   □ .. Changes in company organisation
   □ .. Company's economic/financial position
   □ .. Employee benefits
   □ .. Employee mobility between countries
   □ .. Health and safety
   □ .. Investment programmes
   □ .. Language training
   □ .. Location of new plant
   □ .. Manufacturing or work methods

□ .. Plant cutbacks or closures
□ .. Training and retraining
□ .. Vacation
□ .. Wages
□ .. Working time

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

□ .. It is a necessary legal obligation in EU member state and AEA countries, while EU candidate countries must also 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

Improved significantly	Improved somewhat	No significant impact	Worsened somewhat	Worsened significantly
□	□	□	□	□

b) Acceptance of management decisions by employees

Improved significantly	Improved somewhat	No significant impact	Worsened somewhat	Worsened significantly
□	□	□	□	□

c) Quality of management decision-making

Improved significantly	Improved somewhat	No significant impact	Worsened somewhat	Worsened significantly
□	□	□	□	□

d) Speed of decision-making in the company

Increased significantly	Increased somewhat	No significant impact	Worsened somewhat	Worsened significantly
□	□	□	□	□

e) Implementation of new business strategies

Improved significantly	Improved somewhat	No significant impact	Worsened somewhat	Worsened 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 _____