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

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1. Background for the survey and research questions

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

The main research questions concern the variation on different types of ownership, which we have divided in majority ownership by: state, foreign, domestic external, managers, other employees or no majority. The survey also makes the distinction whether the company is still state owned, privatized or has started as a new entity.

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

The focus of the survey and this paper is the governance problems between owners and managers included in (1). The compensation of managers (2) can be seen as one of the instruments, the owners can use for controlling the managers. In the control dimension we also look at other groups, especially other employees, and their different channels of influence, and in relation to the compensation dimension we also include a question on compensation systems for employees. The types of ownership and governance structures are basic explanatory outcomes for restructuring of the enterprises and economic performance included in (3). However, the relation between performance and ownership/governance structure will not be deeply analyzed in this paper. Such an analysis needs a more sophisticated multivariate approach. This has been, and will be done, in more focused papers, see e.g. Jones and Mygind, 2001 and 2002. However, the specification of governance structures and compensation systems can be used as inputs for further and more sophisticated studies.

Since Berle and Means (1932) the problem of how owners control managers has been a core question of corporate governance. Since Jensen and Meckling (1976) and Fama and Jensen (1983), the most used theoretical tool has been the principal agent approach. The core problem of governance has been defined as how the owner, the principal, can control the manager, the agent. Different control mechanisms are possible. But some of them are of little relevance in the early stages of transition because the necessary institutions are missing or insufficiently developed. This is the case for control of the managers through a well functioning stock market. Such control is only possible for a handful of large enterprises in the Baltic countries (Mygind 2000). The market for managers is another control mechanism with high importance in Western corporate governance systems, but such a market is not developed in the transitional economies because of high uncertainty and volatility making it nearly impossible to assess the managers' performance in relation to the success of the company. Legislative restrictions on the managers' scope of action have also limited importance. The main remaining governance instruments for the owners are:

- direct control by owners represented in the board
- shifting managers if necessary
- strong concentrated ownership
- compensation systems for managers
- product market competition limiting the scope of actions and making it easier to evaluate manager performance in relation to other enterprises.
- banks monitoring debt

The manager survey gives the material for answering a broad specter of research questions related to these governance instruments. I will here give a short outline of the main questions, which also structure the following presentation of preliminary results from the manager survey.

Is there correspondence between type of ownership and board representation?
How is the influence on different groups on different areas of decisions?
What are the main channels for employee influence?

In the latest years there has in the West been a strong tendency for advocating more independent boards in relation to the top-managers. Such a development is supported both by large institutional investors and researchers (Johnson et al 1996).
If the board is under the control of management it cannot function as an instrument for the owners to control management. This does not necessarily mean that the board should have no insiders. A few inside directors in the board may help to overcome some of the information problems for the outsiders and provide an important internal monitoring function (Fama and Jensen 1983). We would expect the owners to have the majority of the seats in the board, but some other groups such as managers and other employees as well as e.g. representatives from banks could be occupying a minority of the seats.

When the possibilities for external monitoring are limited, monitoring by insiders can be expected to gain in importance. Together with specific privatization methods favoring insiders, this is the main reason why insider ownership including broad employee ownership is more widespread in Eastern Europe than in other parts of the world (Vaughan Whitehead and Uvalic 1997, Mygind 2001,). Direct ownership by managers directly eliminates the owner-manager governance problem, but also employee ownership especially by well-informed groups of employees can improve monitoring of the managers. In this respect it is important whether the employees actually control the managers or whether paternalistic traditions of management dominance over the employees continue after the control rights formally has been transferred to broader groups of employees (Mygind 2002). Buck et al (1998) document such tendencies in Russia, and Kalmi (2002) find it widespread in Estonian employee owned enterprises. In manager owned enterprises and employee owned, but management controlled, enterprises, you will expect entrenchment by incumbent managers (Filatochev, Wright and Bleaney 1999).

Is the tenure of managers varying with different owner-groups?

An ultimate control device for the owners is through the board or through the general assembly to fire the imcumbant manager and select a new person for the position. A long tenure of the manager can therefore be an indication for entrenchment of the manager, and a weak position of the board. In relation to different types of ownership we expect the managers to have the strongest position in management owned enterprises and in enterprises with relatively weak owners such as state ownership, some employee owned enterprises and domestic externally owned enterprises with diversified ownership.

How is the relation between concentration of ownership on specific groups of owners and on the largest single owner in relation to type of majority ownership?

The manager can be expected to have the strongest position when ownership is diversified, and it will not pay off for the relatively small shareholders to invest in information and monitoring of management. In a situation where the capital markets and other control institutions are not functioning high concentration of ownership can be expected (Mygind, 2001). Such concentration can both be measured as the percentage owned by a specific group of shareholders with a specific stakeholder interest. This is enough when we consider foreign ownership, because the typical foreign investor is a foreign company with a strategic investment in the transitional enterprise. However, especially for domestic externally owned enterprises this measure must be supplemented with information about the proportion of shares belonging to the largest owner. In this way we can distinguish between diversified external ownership and the situation with a core investor.

Another important governance problem is the minority problem, when an owner exploits a dominating position to appropriate rights from minority owners. This is done, by favoring the dominating owners' stakeholder interest at the expense of shareholder value (Mygind, 2001). In the West important remedies are strict legislation and high transparency. However, these instruments are not developed in transition economies. Again, remaining solution is to avoid minority ownership simply by concentration of ownership. Therefore, we expect that ownership is concentrated on specific types of stakeholders and that minority ownership by other stakeholders is quite rare.

Is the competitive pressure varying with ownership type?

Competition from other companies can also be an important factor disciplining the managers. Tough competition means that the managers' scope of actions is limited, and comparison of the performance with competitors gives the owners a tool for benchmarking the performance of the managers. The degree of competition is at the same time an important control variable in studies of performance.

2. How do the compensation systems for managers vary with the different types of ownership structures?

As noted before, there is a close relation between owners' governance of managers and management compensation. Result dependent remuneration of managers can be used to align the interests of managers and owners. It can be expected that privatized companies are more market dependent and more result oriented also in the incentive schemes for managers.

The ultimate incentive scheme is of course when the managers own the company and have all the rights of financial returns. In this case it can be expected that the managers give higher priority to profit and accumulation of capital in the company while the manager salary may be cut. However, this argument holds only for 100% ownership, because if there are considerable minority owners, managers can instead maximize individual return by paying out high salaries. In employee owned enterprises equality considerations may imply lower salary levels for managers.

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

The management survey alone cannot cover a comprehensive analysis of performance and restructuring. The idea is first to get deeper information on variables concerning control and compensation, which then can be used in deeper performance studies based on financial data with measures such as productivity or profitability as dependent variables. However, we have in the manager survey collected some variables, which are either not included or not reliable in existing financial data (this is the case for variables showing the change of inputs and outputs from Eastern to Western markets, and measures on the rate of utilization of the labor force and plant and equipment. We have also collected more qualitative information asking the companies directly about changes in key areas such as products, production process, suppliers, markets and organizational structure.

In the following section 2 we give some detail about the Lithuanian manager survey. Section 3 gives an overview over the data set and the distribution on origin, majority ownership, size and branch. The origin and ownership structure are used in many of the following tables showing the relation between different variables and ownership. In section 4 we look at the relation between ownership and control following the research questions raised in section 1. In section 5 we look at the different compensation systems used in the different companies. Section 6 summarizes the results on the questions concerning different types of restructuring. Finally, section 7 is the conclusion with preliminary answers on the research questions. Note, however, that much of the information included in the survey will be more deeply analyzed in later econometric studies. This working-paper is written to give an overview over preliminary results, to define new hypotheses and to make a comparison with similar surveys for Estonia and Latvia.

2. The Lithuanian Manager Survey

The survey was done in cooperation with the Lithuanian Department of Statistics. The instrument was designed by Niels Mygind, and the first pilots were done in Estonia in 1996/97. The main survey was done in Estonia in 1997/98 covering 220 enterprises. In Latvia a similar survey was done in the spring of 1997 comprising 167 enterprises. Based on the experience with the Estonian and Latvian surveys the Lithuanian survey included some changes in the instrument. A few questions were reformulated and some new questions added. While the Estonian and Latvian surveys included a sequence of years 1993-1997 and 1993-1996, in Lithuania we asked about the years 1993, 1996 and 1999. We also asked about the ownership structure at the time or privatization. By focusing only on specific years we simplified the survey scheme in an attempt to limit the tendency for the respondents just to note that there were the same results for all years.

The questionnaire was performed in the spring of 2000 and the result was 405 responses. The survey scheme was made both in an English and a Lithuanian version with cross checking for the quality of the translations. The English version is enclosed in the appendix. The Lithuanian questionnaire has 19 main questions, divided in 90 sub-questions, and most of these are divided on three years 1993, 1996 and 1999, plus for ownership questions also the time of privatization. In total there are 270 entries for the enterprises answering all questions for all years.

The sample of enterprises was based on the GEREE Lithuanian database with a large total set of financial data for 1997 covering 7546 enterprises. From these data set we excluded: Public sector companies water supply, health, community and social services; 100% state and municipally owned enterprises in 1997; companies with less than 20 employees; a few outliers and companies lacking information for key financial variables. From the remaining enterprises all large enterprises with more than 100 employees and one third of the smaller enterprises were included. After this procedure 1372 enterprises were left. All these enterprises were contacted if possible. However, 32 were closed down/on the edge of bankruptcy and many other enterprises refused to answer. In total we had 405 responses. That is a response rate of 30%. The questionnaires were sent to the top-managers, but most interviews were done on location by interviewers from the Statistical Department.

3. Privatization, Ownership structure, Size and Branch.

Table Q.19 Ownership on origin (privatization/new)

state	**\ownership 1993**	foreign	domes-tic	mana-ger	em-ployee	no ma-jority	total
	privatized	1	43	25	41	54	164
	new	14	5	22	4	2	47
154	total including state	15	48	47	45	56	365
	\ownership 1996						
	privatized	3	80	52	36	74	245
	new	24	17	38	6	2	87
73	total including state	27	97	90	42	76	405
	\ownership 1999						
	privatized	8	85	57	29	75	254
	new	26	13	39	4	5	87
64	total including state	34	98	96	33	80	405

40 of the new enterprises were established between 1993 and 1996. Therefore, the total number increases from 365 to 405 between these two years. There are relatively few new enterprises in the sample. This is related to the exclusion of small enterprises. There are relatively few foreign enterprises in the sample. This is related to the fact that foreigners had a weak position in the first years of privatization in Lithuania. In 1993 there is only one foreign owned privatized company. This number increases in the later years so there are 8 enterprises of this type by 1999, while there are 26 newly established foreign enterprises by 1999. Among the management owned enterprises there are also quite many new enterprises, but for all the other ownership types we have much more privatized than new. A relatively large group of enterprises is categorized as no majority.

Table Q.20.1 Ownership/origin on industry 1999

\majority ownership industry	state	fo-reign	domes-tic	mana-ger	em-ployee	no major.	total	priva-tized	new
agriculture & fishing	0	0	1	0	0	1	2	2	0
mining, wood, chemicals	8	12	23	17	4	20	84	54	23
manufacturing	7	8	26	12	4	13	70	54	9
construction	3	2	7	2	0	6	20	11	5
whole trade & retail	6	1	22	33	9	24	95	80	7
hotels & restaurants	3	8	16	25	15	8	75	41	32
transport,communication	18	3	2	5	1	1	30	5	8
other	19	0	1	2	0	7	29	7	3
total	64	34	98	96	33	80	405	254	87

In relation to the distribution of all enterprises larger than 20 employees there are quite few in agriculture and fishing, while trade and especially hotels and restaurants are slightly over-represented in the sample. The remaining state owned enterprises are in the groups of transport, communication and other. Foreign owned enterprises are quite few in trade. Management owned enterprises are strongest in hotel and restaurants and trade. This is also the case for ownership by other employees for which nearly half of the cases are found in hotels and restaurants.

Table Q.22 Number of Employed Persons Ultimo

\ownership average per enterprise	state	fo-reign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
employees 1993 N=317	419	222	282	183	233	445	334	375	62
employees 1996 N=402	341	240	279	188	174	276	252	277	122
employees 1999 N=405	231	287	188	141	136	324	213	220	154
of which managers	3	4	4	3	3	5	4	4	3
other employees	228	283	184	138	133	319	209	216	151
total 1999 1-19	2	2	4	7	1	1	17	7	8
20-49	6	1	6	13	5	6	37	16	16
50-99	10	5	24	26	10	13	88	60	19
100-199	25	11	36	30	10	30	142	95	23
200-	21	15	28	20	7	30	121	76	21
N	64	34	98	96	33	80	405	254	87

The average size is quite large because enterprises with less than 20 employees in 1997 were excluded from the sample. Some of them have cut employment since 1997 and therefore a few enterprises have less than 20 employees in 1999. The average number of employees has fallen over the years as a result of reactive restructuring and spin offs. The number of managers is relatively small, which indicates a quite narrow perception of the term “manager”. The average size of insider owned enterprises is somewhat lower than the remaining groups. This is similar to the results from the management surveys in Estonia and Latvia.

Privatized are larger than new enterprises, but it is worth noting that some privatized enterprises are quite small, less than 50, and quite many of the new enterprises are quite large, with 50 or more employees. These results are also found in the Estonian and Latvian surveys and indicate a considerable lack of validity in studies like the World Bank (2002), that make the distinction between new and privatized only based on the number of employees.

The concentration of ownership is by definition high in majority state owned enterprises. A foreign owned enterprise is typically owned by a single foreign core owner, therefore the concentration is also high in this type of companies. (If there is more than one foreign owner the percentage can be lower than 50%). This is also the case for management owned enterprises where the top-manager typically is the core-owner, although other managers and other employees also often are co-owners. In the other end of the scale we find employee owned companies where the ownership is diversified on several employees. It must be noted, that the concentration is increasing over time, indicating that a smaller group of employees/managers concentrate the ownership. By definition concentration is low in no-majority enterprises. Domestic externally owned private enterprises also have relatively low concentration. This group can be divided in the cases with quite concentrated ownership where the largest owner own more than 50%

(38% of cases) and diversified ownership with the largest owner owning less than 50% (62% of cases).

Table Q.21 Percentage Owned by the Largest Owner – on ownership

\majority ownership		state	foreign	domes -tic	mana- ger	em- ployee	no ma- jority	total	priva- tized	New
1993	0 - 24%	0	1	17	5	35	28	97	67	7
	25 - 49%	0	3	16	14	10	27	70	35	4
	50 - 74%	17	4	12	13	0	0	44	8	7
	75-100%	74	7	3	13	0	0	88	62	32
	average %	91	67	34	55	16	26	48	34	55
	N	91	15	48	45	45	55	299	192	50
1996	0 - 24%	0	1	28	9	30	36	104	93	3
	25 - 49%	0	3	32	28	8	36	107	86	21
	50 - 74%	13	10	23	30	4	0	80	40	34
	75-100%	56	12	14	22	0	0	106	30	29
	average %	91	72	44	53	20	24	51	36	62
	N	69	26	97	89	42	72	397	249	87
1999	0 - 24%	0	0	25	12	19	29	85	81	2
	25 - 49%	0	3	36	29	11	51	130	104	24
	50 - 74%	9	15	23	30	2	0	79	43	30
	75-100%	54	16	14	25	1	0	110	29	31
	average %	92	75	44	55	26	29	47	40	63
	N	63	34	98	96	33	80	404	254	87

Tables Q.23 and Q.20.2 show that minority employee ownership is quite frequent in all types of enterprises. This is not surprising since the first wave of large privatization in Lithuania resulted in widespread employee ownership in a high number of enterprises. Also the state keeps a share in most enterprises except foreign owned. Managers have quite high minority shares especially in employee owned enterprises and employees have high shares in manager owned enterprises.

Like in Estonia and Latvia minority ownership by employees is less frequent in foreign owned enterprises and most frequent in management owned and non-majority enterprises. Insiders taken together have on average a majority of the ownership in no-majority enterprises. The lowest percentage of non-owning employees is found in enterprises with employee majority ownership. In Lithuania there is in general a higher number of employee owners than in Estonia and Latvia, but the number of non-owning employees is increasing over the period, and the share totally owned by other employees is also falling from 1993 to 1999.

Looking at the distribution among the employee owners in table Q.23, it is most un-equal in enterprises with manager majority. Like in Estonia new enterprises have a quite high degree of equality among the employee owners.

Table Q.23 Distribution of Ownership on Employees

\ ownership average per enterprise	state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
% non-owning 1993 employees N	61 (89)	76 (14)	54 (47)	65 (44)	24 (45)	37 (55)	51 (294)	38 (96)	71 (44)
% non-owning 1996 employees N	69 (69)	94 (27)	63 (97)	64 (89)	43 (42)	39 (74)	61 (398)	46 (238)	94 (87)
% non-owning 1999 employees N	74 (63)	93 (34)	67 (98)	66 (96)	34 (33)	58 (80)	66 (404)	54 (254)	93 (87)
rather equal (Pct)	6 (23)	7 (54)	20 (27)	14 (16)	9 (28)	5 (7)	61 (20)	34 (14)	21 (42)
unequal (more than 1:2) (Pct)	8 (31)	2 (15)	21 (28)	16 (19)	12 (36)	33 (43)	92 (30)	72 (30)	14 (28)
very unequal (> 1:10) (Pct)	12 (46)	4 (31)	35 (45)	55 (65)	12 (36)	38 (50)	156 (50)	132 (56)	15 (30)
N	26	13	74	85	33	76	309	238	50

Table Q.20.2 Ownergroups and minority ownership by other groups 1993-1999

1993 \majority ownership average % owned by	state	fo-reign	do-mestic	mana-ger	em-ployee	noma-jority	total	priva-tized	new
state/municipal	94	0.7	6	3	6	21	44	42	1
foreign	0.0	78	3	2	0	5	5	1	27
domestic external owner	0.8	5.3	73	4	6	23	17	21	10
managers	0.5	16	8	75	16	23	15	12	52
other employees	4.7	0.1	10	16	72	28	19	24	10
total	100	100	100	100	100	100	100	100	100
1996 \majority ownership average % owned by	state	fo-reign	do-mestic	mana-ger	em-ployee	noma-jority	total	priva-tized	new
state/municipal	91	0.7	5	4	4	17	22	13	1
foreign	0.3	78	4	1	0	3	7	2	25
domestic external owner	2.3	11	73	6	4	23	26	34	20
managers	1.2	9	8	74	21	28	25	24	45
other employees	5.2	1	10	15	71	29	20	27	9
total	100	100	100	100	100	100	100	100	100
1999\ majority ownership average % owned by	state	fo-reign	do-mestic	mana-ger	em-ployee	noma-jority	total	priva-tized	new
state/municipal	93	1	4	3	2	15	19	9	1
foreign	1	81	3	2	0	6	9	5	26
domestic external owner	1	11	78	7	5	28	28	38	20
managers	1	6	7	75	20	26	27	26	43
other employees	4	1	8	13	73	25	17	22	10
total	100	100	100	100	100	100	100	100	100

All companies have the same weight when measuring the average

Table Q. 8 Number of competitors on Ownership

\ownership frequency		state	foreign	domes-tic	mana-ger	Em-ployee	no ma-jority	total	priva-tized	new
1993 Total number of competitors	0	2	2	0	0	1	0	5	1	2
	1-5	25	1	6	6	7	9	54	40	5
	5-20	32	3	15	3	9	22	84	61	8
	20-	12	2	5	7	6	5	37	30	4
	N	71	8	26	16	23	36	180	132	19
1996 Total number of competitors	0	1	0	1	0	0	0	2	1	0
	1-5	14	3	21	8	4	11	61	37	12
	5-20	18	7	30	17	11	25	108	79	16
	20-	7	5	19	14	7	8	60	42	12
	N	40	15	71	39	22	44	231	159	40
1999 Total number of competitors	0	1 (3)	0 (0)	2 (3)	0 (0)	0 (0)	0 (0)	3 (1)	2 (1)	0 (0)
	1-5	8 (24)	4 (19)	17 (23)	1 (2)	4 (24)	9 (17)	43 (18)	28 (17)	6 (14)
	5-20	15 (45)	11 (53)	32 (43)	25 (56)	6 (38)	24 (44)	113 (48)	77 (46)	22 (53)
	20-	6 (18)	6 (29)	23 (31)	19 (42)	6 (38)	21 (39)	84 (33)	61 (36)	14 (33)
	N	33	21	74	45	16	54	243	168	42
1999 Number of domestic competitors	0	2	0	6	1	0	4	13	11	0
	1-5	11	9	25	6	6	19	76	51	13
	5-20	12	6	24	20	5	13	80	54	16
	20-	8	4	17	17	5	16	67	49	10
	N	33	19	72	44	16	52	236	165	39
1999 Number of foreign competitors	0	4	3	4	2	0	0	13	6	3
	1-5	3	3	11	6	5	18	46	34	8
	5-20	1	4	8	6	0	9	28	20	6
	20-	0	3	3	2	1	1	10	8	2
	N	8	13	26	16	6	28	97	68	19

The number of competitors is slightly increasing over time. Part of this development is related to privatization since state owned firms have a higher share of companies with quite few competitors, and privatization is often accompanied with increasing competition. In 1999 also domestic externally owned enterprises have relatively many firms with a low number of competitors. Manager owned enterprises have on average the highest number of competitors. Not surprisingly, foreign owned enterprises have the highest proportion of foreign competitors, while state owned enterprises mention relatively limited competition from abroad.

4. Board structure and management

Table Q.1b Who appointed top-management (frequency and column %)

\ ownership 1999 manager appointed by	State	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
state authority	29 (45)	0 (0)	5 (5)	10 (10)	4 (12)	10 (12.5)	58 (14)	26 (10)	2 (2)
labor collective	0 (0)	1 (3)	4 (4)	6 (6)	2 (6)	1 (2)	14 (4)	10 (4)	4 (4)
shareholders	17 (22)	14 (41)	26 (27)	50 (52)	11 (33)	19 (23)	137 (34)	66 (26)	57 (66)
company board	13 (20)	14 (41)	53 (53)	25 (26)	13 (39)	40 (50)	158 (39)	128 (50)	18 (21)
other	5 (13)	5 (15)	10 (11)	5 (5)	3 (9)	10 (12,5)	38 (9)	24 (9)	6 (7)
total N	64 (100)	34 (100)	98 (100)	96 (100)	33 (100)	80 (100)	405 (100)	254 (100)	87 (100)

In all types of enterprises, except state owned, the company board or the shareholders had the dominating role concerning appointment of management. The distinction between shareholders and board is probably not so important. It is worth noting that in Lithuania the state and the labour collective played a stronger role than it was the case in Estonia and Latvia.

Table Q.1c When was top-management appointed (frequency and column %)

\ownership 1999 manager appointed	state	foreign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
-1989	12 (19)	2 (6)	11 (11)	13 (14)	8 (24)	15 (19)	61 (15)	50 (19)	1 (1)
1990	4 (6)	0 (0)	2 (2)	6 (6)	1 (3)	3 (4)	16 (4)	10 (4)	3 (3)
1991	4 (6)	2 (6)	3 (4)	9 (10)	1 (3)	8 (10)	27 (7)	14 (5)	7 (8)
1992	6 (9)	4 (12)	10 (11)	11 (12)	3 (9)	10 (13)	44 (11)	30 (12)	9 (10)
1993	2 (3)	8 (24)	6 (6)	12 (13)	4 (12)	8 (10)	40 (10)	27 (11)	11 (13)
1994	2 (3)	2 (6)	10 (11)	11 (12)	1 (3)	4 (5)	30 (8)	19 (7)	10 (11)
1995	6 (9)	4 (12)	9 (9)	15 (16)	2 (6)	3 (3)	39 (10)	17 (6)	16 (18)
1996	7 (11)	3 (9)	7 (7)	5 (5)	0 (0)	4 (5)	26 (7)	10 (4)	10 (11)
1997	8 (13)	1 (3)	6 (6)	2 (2)	4 (12)	7 (9)	28 (7)	19 (7)	2 (2)
1998	5 (8)	3 (9)	10 (7)	4 (4)	2 (6)	6 (8)	30 (8)	18 (7)	6 (7)
1999	4 (6)	5 (15)	16 (18)	7 (7)	4 (12)	10 (13)	46 (11)	32 (12)	9 (10)
2000*	4 (6)	0 (0)	8 (9)	1 (1)	3 (9)	2 (3)	18 (4)	8 (4)	3 (3)
total N	64 (100)	34 (100)	98 (100)	96 (100)	33 (100)	80 (100)	405 (100)	254 (100)	87 (100)

Gray boxes are medians. *The survey was done in the spring 2000, so here is included less than half a year.

Compared with the results from Estonia and Latvia more Lithuanian managers have survived from the time before 1991. State owned, employee owned, no majority, and privatized enterprises in general have the highest percentages of managers appointed up to 1989. The median appointment years are marked with gray background. Insider owned companies had the median appointments in 1993 together with privatized enterprises in general, while the other groups had the medians one or two years later. It is worth noting that the state owned enterprises has caught up in shifting managers in the later years.

Table Q3.1-93 Composition of company board 1993 on 1993 ownership

\ ownership 1993 average %seats representing	state	fo-reign	do-mestic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
state/municipal	11	0	2	0	2	5	5	3	1
foreign	0	52	0	0	0	1	2	1	23
domestic external owner	6	0	25	10	1	15	10	12	8
managers	48	40	52	60	54	49	51	53	47
other employees	36	8	21	30	43	30	32	31	21
total	100	100	100	100	100	100	100	100	100
total N with seats > 1	79	7	35	20	38	52	231	186	49
average number of seats	4.8	4.4	5.2	4.3	4.8	4.2	4.7	4.8	4.3
no board or no answer*	75	8	13	27	7	4	134	58	28
Total N	154	15	48	47	45	56	365	164	47

*No cases in Lithuania reported 1 member of the board.

Table Q3.1-99 Composition of company board 1999 on 1999 ownership

\ ownership 1999 average %seats representing	state	fo-reign	do-mestic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
state/municipal	11	2	2	1	4	1	5	2	1
Foreign	0	30	1	0	0	0	7	1	18
domestic external owner	0	0	30	6	4	9	9	11	16
Managers	51	61	52	62	39	54	53	52	49
other employees	38	7	15	31	52	36	26	34	26
Total	100	100	100	100	100	100	100	100	100
total N with seats > 1	43	16	74	50	26	66	275	200	28
average number of seats	4.9	4.4	4.3	4.3	5.1	4.8	4.6	4.5	4.3
no board or no answer*	21	18	24	46	7	14	130	47	59
Total N	64	34	98	96	33	80	405	254	87

*No cases in Lithuania reported 1 member of the board.

The tables Q3.1 shows the representation in the average board in Lithuania. The majority of the seats is taken by managers and a quarter by other employees (1999). The remaining groups have on average quite low representation in the boards. From 1993 to 1999 foreign owners have increased their representation from 2 to 9 percent, while other employees have fallen from 32% to 26%. The average board had in 1999 4.6 members. On average managers had in 1999 a majority of seats in all companies except employee owned. Other employees had a strong position when they had majority, but they were also quite strongly represented in state and manager owned as well as no majority enterprises, while weakly represented in foreign owned enterprises.

There is a clear connection between representation in the company board and majority ownership for all owner-groups except state owned companies, which are represented to a very high degree by managers and other employees. This is quite similar to the results from Estonia and Latvia. But insiders have an even stronger position in Lithuania, and in Estonia and Latvia foreign owners dominated the boards in foreign owned enterprises.

Table Q3.2-93 Board majority on ownership majority 1993 - seats > 1

\ ownership 1993 majority board 1993	state	for-eign	dom.	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
state/municipal	5	0	0	0	0	1	6	2	0
Foreign	0	4	0	0	0	0	4	0	5
domestic external owner	2	0	9	2	0	4	17	16	1
Managers	26	1	16	10	16	21	90	77	5
other employees	40	2	8	8	21	19	98	77	37
no majority	6	0	2	0	1	7	16	14	0
Total	79	7	35	20	38	52	231	186	49

Table Q3.2-99 Board majority on ownership majority 1999 - seats > 1

\majority ownership majority board 1999	state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
state/municipal	4	0	0	0	0	0	4	1	0
Foreign	0	5	1	0	0	0	6	1	5
domestic external owner	0	0	10	1	1	3	15	14	1
Managers	9	4	25	18	6	20	87	69	5
other employees	13	2	15	17	17	23	82	68	10
no majority	17	5	23	14	2	20	81	47	7
total	43	16	74	50	26	66	275	200	28

The tables Q3.2-93 and -99 represent matrices combining the majority of board representation with majority ownership. The shaded diagonal describes the situation where majority ownership follows majority board control. For 1993 there is a direct connection for 49 out of the 179 cases with majority ownership (28%). 9 with no single group having majority, and 121 with another group having the majority. For 1999 it is 54 out of 209 (26%). 61 with no single group having majority, and 94 with another group having the majority.

In both 1993 and 1999 the correspondence is strongest for employee ownership with correspondence in 65% of the cases. Manager ownership has also quite high correspondence (36%) and for foreign it is 31%. For state ownership the correspondence is only 9%, and for domestic external it is 14%. These results are quite similar to Estonia and Latvia. In most cases when the majority owner does not have majority in the board instead insiders dominate the board. Other employees are surprisingly strongly represented in the boards with a majority in 30% of the enterprises in 1999, although they only have a direct majority of ownership in less than 10% of the 275 enterprises included in the table. We assume that many of the employees in the boards are specialists, with positions quite close to management. Like in Estonian and Latvia this is supported by the results on the influence of different groups, see below.

The managers were asked to estimate the influence of different groups on a scale from 1 = some influence to 4 = no influence. From the table below it can be seen that there are quite limited differences between the results for 1993 and 1999.

In general managers are considered to have the highest influence on decisions. The lowest influence for managers is on the selection of managers. Here has the relevant owner group the same level of influence (quite the same as in Estonia and Latvia). In 1999 the owners have increased their influence in this area compared with 1993. The owners also have some say in relation to long term plans. However, only for foreign ownership the influence of the owners are on the same level as managers' influence. When they are owners, managers have slightly more influence concerning all the areas of decisions. Other employees also have slightly more influence on long term plans and selection of managers, when they also are majority owners (1999). However, for decisions concerning wage levels and safety and health, they have a higher degree of influence in state owned enterprises, and in no majority enterprises than it is the case in majority employee owned enterprises. The highest rating for employee influence is like in Estonia and Latvia for safety and health. In general employees are rated third after managers and the majority owners. They are far from the influence level of managers even in majority employee owned firms.

Banks have nearly no influence, and surprisingly there seems not to be an increase in bank influence from 1993 to 1999. Domestic private external owners do not seem to have much influence and this is also the case when they are majority owners. Foreign owners are by far the strongest external owner group. State representatives are perceived to have very little influence in all groups except for state owned enterprises where they are perceived to have some influence on strategic decisions. (This result is different from Estonia and Latvia, where state owned enterprises also had a weak position even in state owned enterprises).

There are no significant differences between the firms when categorized on origin.

Table Q.13-93 Different groups influence on decisions on ownership1993

\majority ownership average of 1 (high) to 4	state	foreign	domes-tic	em-ployee	mana-ger	no ma-jority	total	priva-tized	new
1. long term plans managers	1.51	1.27	1.30	1.60	1.08	1.09	1.35	1.32	1.16
Other employees	3.06	3.72	3.26	2.88	3.36	2.90	3.09	2.99	3.39
domestic priv. ext. own	3.77	3.72	3.02	3.57	3.73	3.09	3.52	3.40	3.65
Banks	3.80	3.90	3.69	3.44	3.73	3.62	3.70	3.67	3.69
foreign owners	3.96	1.63	3.92	3.97	4.00	3.85	3.87	3.93	3.46
state representatives	2.68	4.00	3.54	3.15	3.76	3.48	3.19	3.34	3.79
2. manager selection managers	2.77	2.63	2.11	2.42	1.95	2.38	2.45	2.38	1.83
other employees	3.15	3.81	3.50	2.75	3.28	3.22	3.19	3.02	3.58
domestic priv. ext. own	3.82	3.72	2.47	3.57	3.76	2.83	3.42	3.26	3.62
banks	3.99	3.90	3.90	3.97	4.00	3.92	3.96	3.95	4.00
foreign owners	3.99	1.63	4.00	3.97	4.00	3.88	3.89	3.95	3.46
state representatives	2.44	4.00	3.90	3.62	3.84	3.29	3.19	3.46	3.90
3. employment managers	1.34	1.18	1.21	1.33	1.23	1.11	1.26	1.22	1.23
other employees	3.06	4.00	3.38	3.20	3.50	3.24	3.24	3.19	3.60
domestic priv. ext. own	3.86	3.81	2.28	3.68	3.86	3.40	3.68	3.59	3.81
banks	3.99	4.00	3.88	3.97	3.97	3.90	3.96	3.95	3.97
foreign owners	3.99	2.00	3.92	3.97	4.00	3.98	3.91	3.96	3.55
state representatives	3.14	4.00	3.78	3.71	3.82	3.75	3.53	3.65	3.81
4. wage-levels managers	1.41	1.00	1.26	1.37	1.21	1.11	1.29	1.26	1.13
other employees	2.96	4.00	3.54	3.11	3.54	3.00	3.20	3.18	3.65
domestic priv. ext. own	3.82	3.81	3.30	3.73	3.82	3.44	3.67	3.58	3.76
Banks	3.96	4.00	3.88	3.97	3.97	3.94	3.95	3.96	3.97
foreign owners	3.99	1.81	4.00	3.97	4.00	4.00	3.92	3.98	3.48
state representatives	2.79	3.81	3.69	3.57	3.43	3.59	3.28	3.42	3.60
5. safety and health managers	1.34	1.00	1.40	1.31	1.30	1.11	1.28	1.28	1.23
other employees	2.58	3.45	2.95	2.77	3.06	2.66	2.76	2.70	3.27
domestic priv. ext. own	3.91	4.00	3.66	3.84	3.89	3.75	3.84	3.80	3.93
Banks	3.99	4.00	3.95	3.97	4.00	3.96	3.98	3.97	4.00
foreign owners	3.97	3.63	4.00	3.97	4.00	3.98	3.97	3.98	3.91
state representatives	3.03	3.72	3.59	3.35	3.41	3.51	3.31	3.40	3.69
N	132	11	46	46	45	54	334	232	43

1=high, 2=some, 3=low, 4=no influence, missing = 4 if some of the category has been answered

Table Q.13-99 Different groups influence on decisions on ownership1999

\majority ownership average of 1 (high) to 4	state	foreign	domes-tic	em-ployee	mana-ger	no ma-jority	total	priva-tized	new
1. long term plans managers	1.51	1.70	1.37	1.54	1.16	1.21	1.36	1.29	1.47
Other employees	3.15	3.55	3.10	2.75	3.13	2.95	3.09	3.01	3.31
domestic priv. ext. own	3.75	3.52	2.51	3.42	3.74	3.25	3.31	3.15	3.47
Banks	3.79	3.64	3.48	3.48	3.46	3.40	3.52	3.49	3.47
foreign owners	3.93	1.61	3.75	3.93	3.83	3.85	3.66	3.77	3.13
state representatives	2.09	4.00	3.51	3.57	3.70	3.36	3.36	3.53	3.80
2. manager selection managers	3.17	2.79	2.55	2.39	2.00	2.35	2.50	2.40	2.34
other employees	3.40	3.70	3.45	2.51	3.31	3.12	3.29	3.14	3.63
domestic priv. ext. own	3.87	3.52	2.27	3.60	3.62	2.95	3.20	2.95	3.41
banks	3.98	4.00	3.90	3.90	3.97	3.97	3.96	3.95	3.95
foreign owners	3.98	1.61	3.87	3.96	3.89	3.83	3.71	3.82	3.19
state representatives	1.81	4.00	3.82	3.93	3.90	3.60	3.51	3.79	3.93
3. employment managers	1.29	1.44	1.31	1.42	1.17	1.25	1.27	1.23	1.37
other employees	3.17	3.88	3.30	2.96	3.37	3.17	3.30	3.27	3.47
domestic priv. ext. own	3.79	3.76	2.83	3.66	3.83	3.48	3.49	3.37	3.60
banks	3.98	4.00	3.85	3.90	3.92	3.92	3.92	3.92	3.89
foreign owners	3.98	2.02	3.83	3.96	3.88	3.88	3.74	3.84	3.27
state representatives	2.78	4.00	3.77	3.66	3.72	3.76	3.61	3.75	3.82
4. wage-levels managers	1.34	1.50	1.32	1.51	1.15	1.23	1.29	1.26	1.34
other employees	2.96	3.67	3.20	2.90	3.35	2.98	3.17	3.14	3.45
domestic priv. ext. own	3.79	3.58	3.02	3.75	3.78	3.41	3.52	3.43	3.55
Banks	3.98	4.00	3.87	3.90	3.92	3.92	3.93	3.94	3.88
foreign owners	3.98	1.91	3.90	3.96	3.85	3.92	3.75	3.87	3.21
state representatives	2.56	3.85	3.57	3.36	3.58	3.62	3.43	3.56	3.67
5. safety and health managers	1.17	1.38	1.32	1.21	1.16	1.16	1.23	1.22	1.33
other employees	2.40	3.14	2.69	2.69	2.73	2.50	2.65	2.59	2.96
domestic priv. ext. own	3.89	3.91	3.57	3.78	3.86	3.78	3.79	3.75	3.81
Banks	3.98	4.00	3.98	3.90	3.97	3.95	3.97	3.98	3.93
foreign owners	3.98	3.02	3.95	3.96	3.90	3.95	3.87	3.92	3.64
state representatives	2.78	3.47	3.44	3.36	3.45	3.48	3.35	3.44	3.56
N	64	34	98	96	33	80	405	254	87

1=high, 2=some, 3=low, 4=no influence, missing = 4 if some of the category has been answered

Table Q.11 Percent membership of unions - on ownership

\majority ownership union membership		state	foreign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
average %	1993	25	0	15	6	16	23	18	20	0
	N	110	13	46	45	45	55	314	212	43
	1996	16	2	15	4	5	19	11	14	0
	N	72	27	97	89	42	75	402	254	87
	1999	22	9	13	3	11	15	12	13	0.004
	N	64	34	98	96	33	80	405	254	87
0%	1993	62 (65)	13 (100)	31 (67)	39 (86)	31 (69)	32 (58)	208 (66)	131 (62)	43 (100)
]0-100%[	1993	48 (44)	0 (0)	15 (33)	6 (14)	14 (31)	23 (42)	106 (34)	81 (38)	0 (0)
100%	1993	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
0%	1999	35 (55)	27 (79)	64 (65)	86 (90)	26 (79)	49 (61)	283 (70)	169 (67)	86 (99)
]0-100%[	1999	29 (45)	7 (21)	34 (35)	10 (10)	7 (21)	31 (39)	119 (30)	85 (33)	1 (1)
100%	1999	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)

Table Q.12 Procedures for employee influence - 1999

\majority ownership		state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
no other procedures (than through unions)		0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
yes, other procedures		64 (100)	34 (100)	98 (100)	96 (100)	33 (100)	80 (100)	405 (100)	254 (100)	87 (100)
importance for influence										
trade unions	1	0	1	5	1	0	2	8	6	1
	2-3	25	3	20	6	5	27	86	60	2
not relevant	4	39	30	73	89	28	51	310	188	84
	N	64	34	98	96	33	80	405	254	87
average		3,36	3,79	3,56	3,84	3,72	3,38	3,59	3,54	3,93
employees as	1	3	5	30	45	17	37	137	105	28
shareholders	2-3	14	4	31	27	6	27	109	87	13
not relevant	4	47	25	37	24	10	16	159	62	46
	N	64	34	98	96	33	80	405	254	87
average		3,51	3,38	2,58	2,07	2,18	2,06	2,54	2,21	2,78
other structure	1	25	10	25	9	2	14	85	50	9
	2-3	11	8	17	23	10	20	89	55	24
not relevant	4	28	16	56	64	21	46	231	149	54
	N	64	34	98	96	33	80	405	254	87
average		2,48	2.67	2,94	3,32	3,27	3,11	3,00	3,07	3,21

Missing values included as “not relevant” (4) if there are other response for that firm that year.

The results concerning union membership are quite similar to the results from Estonia and Latvia. Membership of unions is in general very low and slightly falling over time. The membership level is significantly higher for state owned enterprises. Employee owned enterprises have quite low union membership. There are no unions in the new enterprises.

Not surprisingly unions do not play an important role for employee influence for any of the ownership types. In many companies with employee-shares, share ownership is considered to be an important channel for employee influence. This is the case for about half of the responses for majority employee owned enterprises. However, it is worth noting that also in quite many of the majority management owned, in the externally domestic owned enterprises and in no-majority enterprises, shareholding is perceived as an important channel for employee influence. The average score for employee influence as shareholders is in fact slightly higher for management and no majority enterprises than for employee owned. This indicates that the division between management owned and employee owned enterprises is not so distinct, and that in the group of no-majority a group of majority insider ownership could be defined.

5. Compensation systems

Table Q4bc-1 Manager compensation depending on company results

frequency (percentage)	1993	1996	1999
A. depend on results	256 (79)	346 (86)	348 (86)
N	314 (100)	401 (100)	405 (100)
B. depending on profit	199 (61)	242 (61)	238 (60)
depending on sales	74 (23)	106 (27)	110 (27)
other	54 (16)	49 (12)	52 (13)
N	327 (100)	397 (100)	400 (100)
C. 0% of total pay	49 (16)	55 (14)	56 (14)
0-24% of total pay	51 (16)	70 (17)	61 (15)
25-49% of total pay	35 (11)	42 (11)	43 (11)
50-99% of total pay	63 (20)	81 (20)	91 (23)
100% of total pay	116 (37)	153 (38)	153 (38)
N	314 (100)	401 (100)	404 (100)

Result-dependent compensation for managers is quite important for all three years with no significant change over time. Profit related compensation is used in around 60% of the enterprises, and sales related in about 25% of the enterprises. This is much more widespread than in Estonia and Latvia. Only in around 15% of the enterprises it makes no part of total pay for the managers. In around 60% of the enterprises performance related pay makes out 50% or more of the total management compensation. Result related compensation has a very high frequency for all the owner-groups with state owned enterprises slightly below the rest. In most cases it depends on profits, and this is especially the case in management and domestic externally owned enterprises. Profit related compensation is less frequent in state, foreign and employee owned enterprises.

Table Q.4bc-2 Manager compensation depending on results - ownership 1999

\ownership frequency (%)	state	for-eign	domes-tic	mana-ger	em-ployee	no maj.	total	priva-tized	new
A. depend on results	50 (78)	31 (91)	79 (81)	85 (89)	31 (94)	72 (90)	348 (86)	221 (87)	79 (97)
N	64 (100)	34 (100)	98 (100)	96 (100)	33 (100)	80 (100)	405 (100)	254 (100)	81 (100)
B. depending on profit	32 (51)	18 (53)	63 (67)	60 (63)	17 (52)	48 (61)	238 (60)	158 (62)	51 (60)
depending on sales	14 (22)	13 (38)	21 (22)	24 (26)	12 (36)	26 (33)	110 (27)	70 (27)	27 (32)
other	17 (27)	3 (9)	12 (11)	11 (12)	4 (12)	5 (06	52 (13)	27 (11)	7 (8)
N	63 (100)	34 (100)	96 (100)	95 (100)	33 (100)	79 (100)	400 (100)	255 (100)	85 (100)
C. 0% of total pay	14 (22)	3 (9)	19 (20)	11 (11)	2 (6)	7 (9)	58 (14)	36 (14)	7 (8)
0-24% of total pay	8 (13)	2 (6)	18 (19)	19 (20)	8 (24)	6 (8)	61 (15)	39 (15)	15 (17)
25-49% of total pay	5 (8)	3 (9)	17 (19)	4 (4)	5 (15)	9 (11)	43 (11)	33 (13)	6 (7)
50-99% of total pay	12 (19)	8 (24)	25 (27)	24 (25)	4 (12)	19 (23)	92 (23)	61 (24)	17 (20)
100% of total pay	25 (39)	18 (53)	19 (20)	38 (40)	14 (42)	39 (49)	163 (40)	85 (35)	41 (48)
N	64 (100)	34 (100)	98 (100)	96 (100)	33 (100)	80 (100)	405 (100)	254 (100)	86 (100)

Table Q4a-1 Average monthly salary - over time

mean *standard deviation*	1993	1996	1999
topmanager - EEK N	878 *775* 316	2540 *2077* 401	4133 *3791* 404
all employees - EEK N	295 *183* 316	710 *320* 401	1049 *1149* 404
the lowest paid employee N	144 90 316	321 *104* 401	464 *110* 404
topmanager/all employees	3.13 *1.99*	3.44 *1.99*	3.89 *2.45*
all employees/lowest paid	2.41 *1.73*	2.27 *0.95*	2.29 *1.66*
average wage for Lithuania	166	618	987

The pay for the lowest employee is very low even for Lithuanian standards, but although we asked about full time wage, some responses may cover part time employees. The average monthly salary has increased considerably over the period. For managers the increase has been stronger, and the differential between managers and other employees has increased during the 1990'es.

Table Q.5-99 Average monthly salary on ownership - 1999

\majority ownership EEK	state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	New
topmanager - mean	4071	8650	3954	3060	2633	4484	4133	3983	4587
standard deviation	2877	7977	2754	2650	1876	3186	3791	3083	5768
N	64	34	98	96	33	79	404	254	86
all employees, mean	1099	1977	934	915	879	1011	1049	1034	1051
standard deviation	465	3665	318	403	410	372	1149	1387	556
N	64	34	98	96	33	79	404	254	86
lowest paid employee	486	521	453	439	447	474	464	454	477
standard deviation	132	134	57	57	65	168	110	102	111
N	64	34	98	96	33	79	404	254	86
topmanager/employee	3,54	5,87	4,12	3,09	3,05	4,36	3,89	4,04	3,68
standard deviation	1,48	4,11	2,24	1,73	1,89	2,81	2,45	2,58	2,57
average/lowest paid	2,35	4,09	2,05	2,07	1,98	2,19	2,29	2,31	2,20
standard deviation	1,31	2,55	0,64	0,84	0,94	0,78	2,66	3,12	1,11

The wage differential between managers and all employees are bigger in Lithuania than in Estonia and Latvia, but this can probably be explained by the larger average size of the companies in the Lithuanian sample. Like in the other Baltic countries foreign owned enterprises have the highest salary level for both managers and other employees, but also the highest differential between the two groups. This is different from the situation in Estonia and Latvia. Manager and employee owned enterprises have lower salaries for managers, which can partly be explained by lower average size. The average wage for al employees are also in the lower end for these firms. This is similar to the results for the other Baltic countries. Domestic externally owned enterprises also have averages wages for all employees in the lower end of the scale. State owned and no-majority enterprises follow the average. There are no significant differences between private and new except that privatized enterprises have lower salary levels for managers. This is especially notable because privatized are on average much bigger than new enterprises

6. Restructuring

The questions on restructuring are broader in the manager surveys in Estonia and Latvia. The frequency of change, especially major changes, of all categories is increasing over time. Most frequent is organizational change with 67% of the cases in the period 1997-99 and 74% of the cases over the total period, 48% as major changes. The difference between categories is not significant, except that most major changes of products took place in 1994-96. The weight has turned more toward major change in production methods for the last period. Over the whole period 24% has at least made a minor change in the production process while 40% has made a major change.

Table Q10.1 Indicators of restructuring - over time

frequency	(percentage)	1991-3	1994-6	1997-9	1993-99*
products	0 = no change	230 (68)	206 (51)	195 (48)	176 (43)
	1 = minor change	93 (25)	141 (35)	121 (30)	67 (17)
	2 = major change	22 (7)	56 (14)	89 (22)	162 (40)
	mean	0.37 (100)	0.63 (100)	0.74 (100)	0,96 (100)
production process	0 = no change	202 (60)	175 (43)	148 (37)	128 (31)
	1 = minor change	113 (34)	164 (41)	155 (38)	96 (24)
	2 = major change	20 (6)	64 (16)	102 (25)	181 (45)
	mean	0.45 (100)	0.72 (100)	0.88 (100)	1,13 (100)
suppliers	0 = no change	196 (58)	175 (43)	170 (42)	146 (36)
	1 = minor change	120 (36)	164 (41)	154 (38)	111 (27)
	2 = major change	19 (6)	64 (16)	81 (20)	148 (36)
	mean	0.47 (100)	0.72 (100)	0.78 (100)	1,00 (100)
markets	0 = no change	211 (63)	183 (45)	179 (44)	148 (37)
	1 = minor change	98 (29)	159 (40)	151 (37)	89 (22)
	2 = major change	26 (8)	61 (15)	75 (19)	168 (42)
	mean	0.44 (100)	0.69 (100)	0.74 (100)	1,05 (100)
organization	0 = no change	191 (57)	166 (41)	135 (33)	107 (26)
	1 = minor change	107 (32)	177 (44)	171 (42)	103 (25)
	2 = major change	37 (11)	60 (15)	99 (25)	195 (48)
	mean	0.54 (100)	0.73 (100)	0.91 (100)	1,22 (100)
Total N		335	403	405	405

*1993-99 0=no change, 1=at least one minor change and no major, 2=at least one major change

There are some interesting findings when looking at the different types of restructuring divided on ownership structure. Foreign owned enterprises have more changes in products and production process than the rest of the group, while these enterprises have a lower degree of organizational change and lower effort in finding new suppliers. State owned enterprises are in the lower end concerning all types of restructuring except organizational change where they follow the average pattern. Employee owned enterprises are lower concerning changing products and the production process and developing new markets, but are higher in relation to finding new suppliers. Manager owned enterprises are following the average except that they are a bit lower developing new products, but higher for finding new suppliers and developing new markets. No majority enterprises are relatively high on changing products and production processes as well as organizational change. Compared with new enterprises, privatized companies have higher change on all areas except developing new markets. This can probably be explained by the fact that new enterprises already adjust to the new situation in the start up process.

Table Q10.2 indicators of restructuring , minor and major changes 1993-99*

\majority ownership 1999		state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
products	minor change	6	6	16	20	4	15	67	44	15
	%	(9)	(18)	(17)	(21)	(12)	(19)	(17)	(17)	(17)
	major change	20	18	43	33	11	38	162	113	32
	%	(31)	(53)	(44)	(33)	(33)	(48)	(40)	(44)	(37)
	average value	0.71	1.23	1.07	0.87	0.78	1.13	0.96	1.05	0.91
production	minor change	17	9	27	22	6	15	96	55	23
	%	(27)	(27)	(28)	(23)	(18)	(19)	(24)	(21)	(26)
	major change	21	18	42	42	11	47	181	129	33
	%	(33)	(53)	(43)	(44)	(33)	(59)	(45)	(50)	(37)
	average value	0.92	1.32	1.15	1.10	0.84	1.36	1.13	1.22	1.02
suppliers	minor change	12	6	28	28	13	24	111	78	20
	%	(19)	(18)	(29)	(29)	(39)	(30)	(27)	(30)	(26)
	major change	17	10	39	43	12	27	148	99	36
	%	(26)	(29)	(40)	(44)	(36)	(34)	(36)	(38)	(42)
	average value	0.72	0.76	1.08	1.18	1.12	0.97	1.00	1.07	1.05
markets	minor change	12	10	22	23	9	13	89	55	23
	%	(19)	(29)	(23)	(24)	(27)	(16)	(22)	(21)	(26)
	major change	18	12	43	46	9	40	168	115	37
	%	(28)	(35)	(44)	(48)	(27)	(50)	(42)	(45)	(43)
	average value	0.75	1.00	1.12	1.19	0.81	1.16	1.05	1.11	1.11
organization	minor change	17	5	27	22	6	26	103	64	21
	%	(27)	(12)	(28)	(23)	(18)	(33)	(25)	(25)	(24)
	major change	29	14	46	47	17	42	195	138	31
	%	(45)	(44)	(48)	(49)	(52)	(53)	(48)	(54)	(35)
	average value	1.17	0.97	1.23	1.26	1.20	1.37	1.22	1.32	1.95
	N	64	33	98	96	33	80	405	254	87

*1993-99 0=no change, 1=at least one minor change and no major, 2=at least one major change

Table Q10.3 Indicators of restructuring 1997-99 - on ownership 1999

\majority ownership 1999		state	for-eign	domes-tic	mana-ger	em-ployee	no ma-jority	total	priva-tized	new
products	minor change	13	11	30	31	7	29	121	80	26
	%	(20)	(32)	(33)	(32)	(21)	(36)	(30)	(31)	(30)
	major change	10	12	24	15	7	21	89	63	18
	%	(16)	(35	(25)	(16)	(21)	(26)	(22)	(25)	(21)
	average value	0,51	1,02	0,78	0,63	0,63	0,88	0,74	0,80	0,71
production	minor change	25	14	42	33	10	31	155	101	29
	%	(39)	(41)	(44)	(34)	(30)	(39)	(38)	(39)	(33)
	major change	10	12	22	26	7	25	102	72	21
	%	(16)	(35)	(24)	(27)	(21)	(31)	(25)	(28)	(24)
	average value	0,71	1,11	0,88	0,88	0,72	1,01	0,88	0,95	0,81
suppliers	minor change	17	6	45	40	16	30	154	110	26
	%	(27)	(17)	(46)	(42)	(49)	(38)	(38)	(43)	(30)
	major change	10	7	15	24	9	16	81	52	23
	%	(16)	(21)	(16)	(25)	(27)	(20)	(20)	(20)	(26)
	average value	0,57	0,58	0,78	0,91	1,03	0,77	0,78	0,83	0,83
markets	minor change	20	11	41	42	12	25	151	100	32
	%	(31)	(32)	(42)	(44)	(36)	(31)	(37)	(39)	(38)
	major change	4	8	15	21	4	23	75	51	21
	%	(6)	(24)	(16)	(22)	(12)	(29)	(19)	(20)	(24)
	average value	0,43	0,79	0,72	0,87	0,61	0,88	0,74	0,78	0,85
organization	minor change	27	10	44	38	10	42	171	112	40
	%	(42)	(29)	(45)	(40)	(30)	(53)	(42)	(44)	(46)
	major change	13	6	27	23	10	20	99	73	33
	%	(20)	(18)	(28)	(24)	(30)	(25)	(25)	(28)	(38)
	average value	0,82	0,64	0,99	0,87	0,91	1,05	0,91	1,00	0,70
	N	64	33	98	96	33	80	405	254	87

The average value is calculated from: 0 = no change, 1 = minor change, 2 = major change.

Table Q5.1-93 Sources of finance for investment - on ownership

\majority ownership % distribution **1993**	state	for- eign	domes -tic	mana- ger	em- ployee	no ma- jority	total	priva- tized	new
savings inside company	89	60	93	100	80	81	87	88	91
extra capital from owners	3	37	7	0	4	0	3	1	9
government allocation	8	0	0	0	9	9	6	5	0
loans from banks	0.2	0	0	0	5	10	4	5	0
domestic private capital	0	3	0	0	2	0	0.4	1	0
foreign private capital	0	0	0	0	0	0	0	0	0
% distribution **1996**									
savings inside company	87	76	88	82	84	86	84	86	80
extra capital from owners	4	16	3	4	3	2	4	2	10
government allocation	4	0	1	0	3	4	2	2	0
loans from banks	5	5	7	14	8	6	8	9	8
domestic private capital	0	1	0	0	1	2	1	1	0
foreign private capital	0	2	1	0	1	0	1	0	2
% distribution **1999**									
savings inside company	88	82	90	85	87	83	86	86	86
extra capital from owners	6	6	1	1	3	3	3	1,6	4
allocation by government	4	0	1	1	1	3	2	1,9	0
loans from banks	2	10	7	11	7	10	8	9,3	9
domestic private capital	0	0	0	2	1	0	0,5	0,7	0
foreign private capital	0,3	2	1	0	1	1	0,5	0,5	1

Table Q.5 show the distribution in percentage of the different sources of finance for investments. It is notable how savings inside the company are the sole dominating source for all companies for all years. It is surprising that the level is not falling over time. Bank loans are increasing from 4% in 1993 to 8% in 1996, but the increase does not continue up to 1999. The falling source is government allocations falling from 6% in 1993 to 2% in 1999. The remaining sources are quite small and the totals are changing only very little over time. In 1993 bank loans are surprisingly a quite important source for employee owned and no majority enterprises. Probably this is bad debt left over from the command economy. In 1996 banks lend to a broader group of companies, with most importance for manager ownership. In 1999 it covers 7-11% in all groups except state, which only finances 2% of investments through bank loans. Not surprisingly the state owned enterprises have all the years the highest allocations from government. Not surprisingly, extra capital from the owners plays the strongest role for foreign owned enterprises for all years. It is as high as 37% in 1993 but falling to 16% in 1996 and 6% in 1999. This source explains most of the differences between privatized and new enterprises, since foreign are over-represented among the new enterprises.

Exports to Eastern market have fallen, while exports to the West have increased over time. This results in increasing total exports in the first part of the period and then stagnation. Compared with Estonia and Latvia exports are lower for the Lithuanian enterprises included in the sample.

The general tendency is that foreign owned enterprises are in the high end and state and insider owned enterprises in the lower end. However, the distribution on ownership groups shall be interpreted carefully because much of the differences are related to difference in weight between industries. Employee owned enterprises with high representation in hotels and restaurants and trade are not expected to have high export ratios. For state owned enterprises the development is partly due to the changing composition of enterprises over time. It seems that companies with high export ratios have been privatized over the period.

Table Q.7 Export as % of turnover to East- and West - on ownership

\majority ownership export % of turnover		state	for-eign	do-mestic	mana-ger	em-ployee	no ma-jority	total	privati zed	new
to Eastern Europe	1993	7	3	10	6	6	11	7	8	6
	1996	6	6	9	7	4	9	8	8	8
	1999	5	5	6	5	4	5	5	5	6
To the West	1993	4	15	6	5	1	6	5	5	8
	1996	4	32	11	6	3	9	9	8	17
	1999	3	31	13	8	4	12	11	10	18
Total export	1993	11	19	16	11	7	17	12	13	14
	1996	10	38	21	13	7	18	17	16	26
	1999	8	36	19	13	8	17	16	15	24
N	1993	132	13	47	45	45	54	339	233	46
	1996	73	27	97	89	42	75	403	252	87
	1999	64	34	98	96	33	80	405	254	87

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

The average utilization of the workforce (Table Q.8a) is slightly falling over time for all groups, except for manager ownership. The general fall can be explained by economic crisis in Lithuania with falling production in 1999 influenced by the Russian 1998-crisis. It is a bit surprising that insider owned together with state and foreign firms have relatively high utilization rates. But the differences are not so significant, and a few outliers with very low utilization rates have high impact on the average values. New enterprises are a bit higher than privatized enterprises.
The average utilization of plant and equipment (Table Q.8b) are also falling over time for all groups except the state. Again, the low numbers for 1999 are related to the crisis that year. Especially domestic externally owned and no majority enterprises have low utilization of plant and equipment, which is caused by quite many companies in these groups having very low utilization rates. New enterprises

have high utilization rates because they can adjust capacity already from the start.

Table Q.8a Average utilization of workforce - on ownership

\majority ownership		state	for-eign	domes-tic	mana-ger	em-ployee	noma-jority	total	priva-tized	new
utilization of workforce	1993	92	96	91	96	94	88	92	90	96
	N	133	12	46	45	45	55	336	234	42
	1996	92	94	88	94	92	86	91	89	93
	N	73	27	97	89	42	75	403	255	87
	1999	91	94	84	98	91	82	87	85	90
	N	64	34	98	96	33	80	405	254	87
1-25%	1999	0	0	2	0	0	2	4	1	0
	%	(0)	(0)	(3)	(0)	(0)	(2)	(1)	(1)	(0)
26-50%	1999	2	0	8	4	0	4	18	13	3
	%	(2)	(0)	(8)	(4)	(0)	(5)	(4)	(5)	(3)
51-75%	1999	6	1	14	12	3	20	56	45	6
	%	(9)	(3)	(14)	(12)	(7)	(25)	(14)	(17)	(7)
76-99%	1999	22	13	44	39	14	28	160	103	34
	%	(34)	(38)	(45)	(41)	(42)	(35)	(40)	(41)	(39)
100%	1999	34	20	30	41	16	26	167	92	44
	%	(53)	(59)	(30)	(43)	(51)	(33)	(41)	(36)	(51)
N	1999	64	34	98	96	33	80	405	254	87
	%	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Table Q.8b Average utilization of plant and equipment - on ownership

\majority ownership		state	for-eign	domes-tic	mana-ger	em-ployee	noma-jority	total	priva-tized	new
utilization of plant and equipment	1993	76	87	76	87	83	69	79	64	82
	N	133	12	46	45	45	55	336	234	42
	1996	77	82	68	83	81	69	75	71	87
	N	73	27	97	89	42	75	403	255	87
	1999	77	83	60	74	79	61	70	64	83
	N	64	34	98	96	33	80	405	254	87
0%	1999	0	0	1	0	0	1	2	1	1
	%	(0)	(0)	(2)	(0)	(0)	(1)	(0.5)	(0.3)	(1)
1-25%	1999	2	0	11	0	0	6	19	18	1
	%	(3)	(0)	(12)	(0)	(0)	(8)	(4,5)	(7,7)	(1)
26-50%	1999	7	2	33	20	5	24	91	76	6
	%	(11)	(6)	(33)	(21)	(15)	(30)	(22)	(30)	(7)
51-75%	1999	20	9	19	26	10	19	103	67	17
	%	(31)	(27)	(20)	(17)	(30)	(24)	(26)	(26)	(20)
76-99%	1999	18	12	18	24	4	21	97	49	30
	%	(28)	(35)	(18)	(25)	(12)	(26)	(24)	(19)	(34)
100%	1999	17	11	16	26	14	9	93	43	32
	%	(26)	(32)	(16)	(27)	(42)	(11)	(23)	(17)	(37)
N	1999	64	34	98	96	33	80	405	254	87
	%	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)

Table Q.9.1 Investment in percent of fixed assets (primo) on ownership

\majority ownership		state	foreign	dom.	manager	employee	no majority	total	privatized	new
investment /fixed assets	1996	15	96	50	114	66	29	55	35	155
	N	72	27	97	90	42	74	402	253	74
	1999	15	85	40	72	63	36	52	39	107
	N	54	32	87	91	29	76	369	238	74
0%	1999	9 (17)	3 (9)	7 (8)	18 (20)	2 (7)	7 (9)	46 (12)	23 (10)	5 (7)
]0-5]%	1999	15 (28)	3 (9)	20 (23)	3 (3)	5 (17)	13 (17)	59 (17)	47 (19)	3 (4)
]5-20]%	1999	8 (14)	3 (9)	20 (23)	19 (21)	3 (10)	21 (28)	74 (20)	64 (27)	8 (11)
]20- %	1999	22 (41)	23 (73)	40 (46)	51 (56)	19 (65)	35 (46)	190 (51)	104 (44)	58 (78)
N	1999	54 (100)	32 (100)	87 (100)	91 (100)	29 (100)	76 (100)	369 (100)	238 (100)	74 (100)

Missings excluded, 0'es included. Data for fixed assets are from financial data with few numbers for 1993.

Table Q.9.2 Investment per employee - on ownership

\majority ownership Litas		state	foreign	domestic	manager	employee	no majority	total	privatized	new
investment /employees	1993	0,41	2,58	0,44	1,28	0,12	0,77	0,60	0,49	1,84
	N	104	7	46	38	44	52	291	204	32
	1996	10,48	39,44	6,05	21,19	5,23	7,77	12,58	3,91	38,34
	N	71	27	97	89	42	74	400	253	87
	1999	11,49	27,05	12,16	5,67	14,54	5,41	10,51	4,87	25,89
	N	63	34	98	96	33	79	402	254	87

Missings excluded, 0' es included.

Investments are in general high in relation to fixed assets, but suspiciously low measured per employee (this variable will probably not be used in further analysis). Note the fall in investment per employee in the crisis year 1999. New enterprises have relatively high investments both measured in relation to fixed assets and per employee. They are heavily represented among foreign and manager owned firms. This is part of the explanation for the high level of these firms. Note, however, that foreign companies have even higher investments than new firms when measured as investment per employee. Measured in relation to fixed assets employee owned enterprises have quite high investments, while state owned enterprises are very low. Part the explanation is, that fixed assets are quite high for state owned enterprises and low for employee owned. Measured per employee state owned enterprises are higher than employee owned in 1993 and 1996 and around the average for the total group. No majority enterprises are in the lower end of the scale.

7. Conclusion

Ownership is divided in majority ownership by state, foreign, domestic external, managers, other employees or no majority. The survey also distinguished between still state owned or origin as privatized or established directly as new private firms. In this respect the definition of de novo-enterprises were not only based on size as in most other studies. The World Bank (2002) distinguishes between new and privatized by dividing in groups larger or smaller than 50 employees. Our results show that by 1999 a considerable number of new enterprises had more than 50 employees and many privatized enterprises had less than 50 employees.

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

Is there correspondence between type of ownership and board representation?
This is a core question concerning the relation between ownership and control. In the Lithuanian sample insiders have strong positions in the company boards. This is especially the case for managers, who have the majority of seats in all ownership types except for majority employee owned. Other employees are not only strongly represented in employee owned, but also in state, manager and no majority enterprises. Insiders are even stronger represented than in Estonia and Latvia. This is the main reason why in only 26% of the cases there is correspondence between majority ownership and majority control of the board. For the specific ownership types the highest correspondence is found for employee owned, followed by manager and foreign owned, while especially domestic and state owned enterprises have very low correspondence.

How is the influence on different groups on different areas of decisions?
The strong management representation in the boards is to a high degree mirrored in the perceived influence of the managers on all decision areas except selection of managers. In this area the owners have in fact relatively high influence - on the same level as managers. This result corresponds with the answers on who appointed the managers. The company boards and the shareholders directly have appointed around 80% of the managers. The owners also have some say on long term plans, but here only foreign owners have similar influence as managers. Since the managers have very high influence even without ownership, the position as majority owner only increases their influence marginally. Through majority ownership employees increase their influence on strategic decisions, but not on operational decisions on wage levels and safety and health, areas where they have some say without ownership. Even in majority employee owned enterprises the employees have less influence than managers. Therefore, the situation with employee ownership management control seems to have some support in the sample. Banks have very little influence in Lithuanian companies. This is also

connected to the limited role of bank loans for Lithuanian enterprises. The state has only some influence in state owned enterprises and here on a much lower level than managers. Foreign owners are the strongest external group.

What are the main channels for employee influence?
Union membership is in general very low and plays only a role for a few state owned enterprises. Unions are not represented in new enterprises. They play no role for employee influence. However, share-ownership plays an important role in some enterprises. It is the main channel for employee influence in half of the employee owned enterprises and in a high number of management owned and no-majority enterprises. This seems to be related to relatively high employee minority shares in these companies.

Is the tenure of managers varying with different owner-groups?
There is quite small variation in the year the current manager was appointed. In state, employee and no majority enterprises around 20% of the managers dates back to the 1980'es. In this respect more of the old guard has survived in Lithuania than in Estonia and Latvia. Employee and manager owned enterprises have on average the longest tenure, followed by foreign and no majority, while state because of many new managers in the latest years have the shortest tenure together with domestic externally owned enterprises.

How is the relation between concentration of ownership on specific groups of owners and on the largest single owner in relation to type of majority ownership?
The concentration on ownership on the largest single owner is by definition quite high in majority state, foreign and also in management owned enterprises, although ownership by several managers can bring the individual shares down. On the other hand it is per definition low in no majority enterprises and in employee owned enterprises with many employee owners. Domestic externally owned enterprises are split in a group of 1/3 of the enterprises with quite high concentration of more than 50% and 2/3 with quite diversified ownership. This division could be an argument for splitting this group in two because it can be expected that the governance situation and the position of the managers are quite different in the two groups. The concentration by type of ownership can be found as the degree of other groups having minority shareholdings. There is on average such minority holdings in all groups, from 27% of the ownership in majority employee owned, 25% in the management owned, to 7% in the state owned enterprises in the sample. For the insiders the situation shows that there is a floating borderline between employee- and management owned enterprises.

Is the competitive pressure varying with ownership type?
State owned end domestically externally owned enterprises have the lowest number of competitors, while management owned have the highest. This can influence their performance and must be used as control variables for further analysis.

2. How do the compensation systems for managers vary with the different types of ownership structures?
Result dependent compensation for managers is very widespread in the Lithuanian sample of enterprises – much more than in Estonian and Latvia. There is profit-related pay in 60% and sales related pay in 27% of the enterprises in 1999. Performance related compensation makes out more than half of the pay in around 60% of the enterprises without much variation between the owner-groups, except that state is slightly below the rest. Profit related pay is a bit more frequent in management and domestic owned enterprises compared with state, foreign and employee owned.

The difference of total pay between top-managers and employees is quite high in Lithuania and increasing over the period 1993-99. The difference is higher than in Estonia and Latvia, but part of this can be explained by larger size in the Lithuanian sample. Foreign companies have the highest salary level both for managers and other employees, and they have a higher pay differential than other owner types. The high level is similar, but the high differential is unlike the results from Estonia and Latvia. Insider owned enterprises have like in Estonia and Latvia a lower wage level. Privatized companies have in general lower wages than new firms.

3. Do the degree and type of restructuring vary between the different types of ownership?
In the Lithuanian survey we introduced five indicators of restructuring: change in products, production process, markets, suppliers and organizational structure. In general there were an increase in the changes over the period with organizational change as the most frequent type of restructuring. State owned enterprises had a lower degree of change except for organizational restructuring. Employee owned were lower on products, production and markets, but higher in finding new suppliers. Foreign enterprises had the highest changes in products and production process, but were lower in changing suppliers and organization. Privatized had in general more changes than new firms except in the area of developing new markets.

Development in exports is used as an indicator for changing markets. Here are foreign enterprises in the high end and state and insider owned enterprises in the low end, but much of this can be explained by different weights in the distribution on industries. A low utilization of labor indicates a low reactive restructuring. On this measure, surprisingly, insider and state owned enterprises are in the high end together with foreign companies, while domestic and no-majority enterprises are in the low end. The investment analysis showed foreign owned enterprises to be significantly higher than the rest. Combined with the analysis on sources of finance it confirms earlier findings (Jones and Mygind, 2000a) that foreign owned enterprises have easier access to capital from their owners, while lack of capital is a barrier for insider owned enterprises. However, for all enterprises savings inside the company is by far the most important financial source. Surprisingly bank finance is still on a low level in 1999 for all owner types.

Summing up the results the most striking is the strong manager positions in the boards and their strong influence in all areas except appointment of managers. There seems to be a strong governance problem in many of the ownership types in Lithuania. Foreign owners are the strongest counter-players for managers. Other employees are also strongly represented in the boards and not only in majority employee owned enterprises. However, the perceived influence is relatively low for other employees. These results are quite similar to the results from the Estonian and Latvian surveys. A possible explanation can be that the employees in the boards are high ranking specialists, not defined as management, but still differing from the large group of blue collar and lower white collar employees.

A way to discipline managers and align their interests with the owners has in Lithuania been a strong weight on profit related pay to managers.

However, it must be stressed that the presented descriptive results are preliminary. More reliable results will be found in econometric studies with the necessary controls for differences in size, industry, competition etc. Some analyses have been done (Jones and Mygind, 1999-2002) and new are under way, but this preliminary study gives important inputs both for new control variables and themes to analyze further. The analysis shows that it will probably be fruitful to develop the division of owner-types, or better: governance types, so that the control dimension is included. Part of the no-majority group can be more specified by first defining a group with insider majority ownership and then dividing it by using the relative weight of manager/employee ownership and/or their representation in the board. Such an analysis will cast more light on the relation between ownership, influence, board representation and performance.

Also a deeper analysis on the relation between privatized and new companies can give important contributions to the current debate about restructuring in transition economies. This can be done in combination with a closer integration of the studies for all the three Baltic countries.

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Appendix 1. ID.................

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

Enterprise governance and restructuring.

This project is for Lithuania done in cooperation with the Department of Statistics, and Copenhagen Businees School. The objective of the project is to analyze the relation between different ownership structures and organizational structures and restructuring of the enterprise. For this purpose top-managers in 200 enterprises in each of the three Baltic countries have been interviewed. We expect to present the results of the analysis in the second half of 2000.The collected data will be treated as strictly confidential. The enterprises will be treated as anonymous entities and it will not be possible to identify specific enterprises in publications.

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I Management and Board Structure

Q1 a) Personal data of top-manager:
Age:______ Male ___ or Female___ Education_____(1=university degree in economics/business, 2=engineer, 3=other university degree, 4=no university degree)
Years of employment after graduation______. Years of employment in the company_____

b) Who appointed you (top manager) ? _______
1 = state ministry or any state administration; 2 = labor collective
3 = meeting of shareholders; 4 = meeting of company board; 5 = other
c) When were you appointed? Year_______ Month_______

Q2 a) What happened to the former manager when you got the position? ________
1= got a better position in another firm
2= got a lower-ranking position in another firm
3= got a lower-ranking position in your firm
4= retired
5= other / do not know

b) Personal data of the former top-manager at the date of leaving the position
Age :______ Male ___ or Female___; Education_____(1=university degree in economics/business, 2=engineer, 3=other university degree, 4=no university degree)
Years of employment in the company_____ Years of employment as top-manager _____

Q3 Composition of Company Board: (a = 0 if not existing) end:	1999	1996	1993
a) What is the total number of members of the board?	____	____	____
How many of the board members represents:			
b) the state or local municipalities?	____	____	____
c) foreigners or foreign companies?	____	____	____
d) domestic private external owners?	____	____	____
e) managers?	____	____	____
f) other employees?	____	____	____

II Compensation System

Q4 a) How much was the average monthly total pay for

	1999	1996	1993
the topmanager	_____	_____	_____
all employees (full time pay)	_____	_____	_____
the lowest paid employee (full time pay)	_____	_____	_____

b) of which related to the performance of the company

	1999	1996	1993
for the topmanager	____%	____%	____%
for all employees	____%	____%	____%
for the lowest paid employee	____%	____%	____%

c) Was this performance based on: 1= profit; 2= sales; 3= other

	1999	1996	1993
for the topmanager	_____	_____	_____
for all employees	_____	_____	_____
for the lowest paid employee	_____	_____	_____

III Inputs and Outputs

Q5 Specify the percentage for the following sources for financing investment

	1999	1996	1993
Savings inside the company (profits)	_____	_____	_____
Extra capital from the owners (increase of equity)	_____	_____	_____
Allocation by the government	_____	_____	_____
Loan from banks	_____	_____	_____
Domestic private capital	_____	_____	_____
Foreign private capital (not owners)	_____	_____	_____

Q6 For your main product	1999	1996	1993
a) how many other *domestic* firms compete with you?	____	____	____
b) how many *foreign* firms compete with you?	____	____	____

Q7	1999	1996	1993
What percent of your turnover was exported	___%	___%	___%
of which to Eastern Europe (including Former USSR)	___%	___%	___%
of which to Western Europe, Japan or USA	___%	___%	___%

Q8 a) Did you use your workforce 100% of the time or lower 1999 1996 1993

Specify average utilization percentage of the workforce:	___%	___%	___%
b) How high was the capacity utilization of plant and equipment?	___%	___%	___%

Q9 How much was spent on **investment** on fixed assets?

1999: ____________ 1996: ____________ 1993: ____________

Q10 Have you made changes in:	1997-9	1994-6	1991-3
a) products	______	______	______
b) production processes	______	______	______
c) found new suppliers	______	______	______
d) developed new markets for output	______	______	______
c) organizational structure of the firm	______	______	______

(0 = no changes, 1 = minor changes, 2 = major changes)

IV Labor Management Relations

ultimo 1999 1996 1993

Q11 a)How many workers were members of labor unions? ____ ____ ____
b)To how many different unions did they belong? ____ ____ ____

Q12 *Rank* the following structures in terms of their importance for enabling employees to exercise influence over company decisions concerning labor:
[1 = most, ..., 3 = least, 0 = not relevant]

	1999	1996	1993
trade unions	____	____	____
employees as shareholders	____	____	____
other structure	____	____	____

Q13 For the following issues, what was the influence of the following groups:
1 = high influence, 2 = some influence, 3 = low influence, 4 = no influence

a: 1999 group	managers	other em-ployees	Domestic Private External Owners	bank	foreign private external owners	State and Local Muni-Cipality
1. Long term plans/new technology						
2. Selection of managers						
3. Employment reduction/increase						
4. Wage levels						
5. Safety and health at workplace						

b: 1996 group	managers	other em-ployees	Domestic Private External Owners	bank	foreign private external owners	State and Local Muni-Cipality
1. Long term plans/new technology						
2. Selection of managers						
3. Employment reduction/increase						
4. Wage levels						
5. Safety and health at workplace						

c: 1993 group	managers	other em-ployees	Domestic Private External Owners	bank	Foreign private external owners	State and Local Muni-Cipality
1. Long term plans/new technology						
2. Selection of managers						
3. Employment reduction/increase						
4. Wage levels						
5. Safety and health at workplace						

V Ownership structure

Q19
a) ownership of the firm _______
1 = still mainly state owned
2 = privatized
3 = established as a new private firm

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

Q20	ultimo 1999	1996	1993	year of priv/start Q19b
What was the percentage of shares owned by:	100%	100%	100%	100%
a) the state or local municipalities	____	____	____	____
b) foreigners or foreign companies	____	____	____	____
c) domestic private external owners (non-financial)	____	____	____	____
d) domestic private external owners (financial)	____	____	____	____
e) management	____	____	____	____
f) by the other employees	____	____	____	____

Q21	ultimo 1999	1996	1993	Q19b
How much was owned by the largest single owner %	____	____	____	____

Q22	ultimo 1999	1996	1993	Q19b
a) what was the number of persons employeed?	____	____	____	____
b) of which management	____	____	____	____
c) of which other employees	____	____	____	____

Q23	ultimo 1999	1996	1993	Q19b
a) What was the number of owners among the employees?	____	____	____	____
b) among management	____	____	____	____
c) among other employees	____	____	____	____

Q24
distribution of shares among the employees who are owners

	ultimo 1999	1996	1993	Q19b
1 = rather equal, 2 = unequal(typical more than 1:2), 3 = very unequal (typical more than 1:10)	____	____	____	____