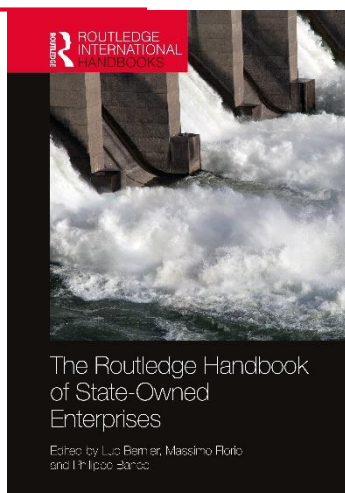


# The Routledge Handbook on State-Owned Enterprises

Edited by Luc Bernier, Massimo Florio and Philippe Bance



*The objective of this handbook is to provide a reference text for people interested in state-owned enterprises (SOEs), whether they are established scholars or students seeking rigorous literature reviews, practitioners in governments and international organizations, or managers and other professionals. The handbook covers all the important dimensions of recent scholarship from a multidisciplinary perspective on the topic. The various chapters offer an overview of current knowledge about SOEs as well as identify relevant issues and debates.*

SOEs now operate in a world very different from the one of the 20th century. Today's SOEs are not the behemoths of yesterday. They have a public mission, they are often profitable, they have new governance mechanisms and they come in many forms. This handbook reconceptualizes their institutional framework, goals and policy role, their governance and management, their relations with stakeholders, and discusses how to measure their performance.

An archetypal SOE is defined as an organization that is government-owned leading to a public mission internalized by managers, with its own budget and managerial autonomy, and in some way competing with private organizations in certain market environments. In the real world, SOEs depart from the archetype in several dimensions as the chapters in this handbook demonstrate. The empirical literature on SOEs is voluminous but disjointed, with hundreds of firm-level, industry-level and country-level case studies. Global analyses are uncommon. There were around 300,000 SOEs in the world in 2020, including majority and minority shareholding; those owned by central, regional and local governments, listed, non-listed and statutory corporations. Over 30 million people were employed in such firms according to the OECD's sample of 40 countries, and perhaps more than 60 million globally. One out of four in the top 500 giant corporations of the world are SOEs. The contribution of SOEs to global GDP is in the range 5 to 10 percent, but in terms of asset value and investment the share is probably greater. Industries where SOEs are more frequent include network industries, oil and gas, certain manufacturing activities, and banking and finance. The geographical pattern suggests that most SOEs are in China and other Asiatic countries, but are well represented in all other parts of the world as well. Overall, the financial performance of SOEs, according to accounting data, is similar to their competitors. If lower, this is because of greater assets and investment, higher employment, and lower prices, possibly an indication of their non-commercial objectives related to their public mission, rather than inefficiency as claimed by the 'mainstream' literature. The share of SOEs in the last decade is increasing. This suggests that the privatization trend of the last century has been reversed, particularly after the Great Recession, but also because of broad changes in public policy in different countries, for reasons to be further studied.

To present the current knowledge, the handbook's 35 chapters by 56 authors from 20 countries are articulated in seven sections:

1. The book starts with the **development and scope** of the phenomenon from the history in the Western world, to the variety of SOEs, their role in a global perspective, a rediscussion of their public mission in different models of capitalism.
2. It then presents different perspectives on the **history and geography** of SOEs. Experiences around the world from Latin America to China illustrate SOEs' ability to face the challenges of economic growth and social welfare at a time when we are witnessing a major epochal transition, particularly in international relations.
3. **Various approaches** can be used to study SOEs: economics, management, institutional theory, law, Marxism, agency theory and political science are put to contribution to explain the phenomenon.
4. The **financial dimension** of public ownership is assessed by depicting the advantages for borrowing as well as the impact of the financialization of the world for SOEs or the growing importance of sovereign wealth funds or financial institutions in Europe. SOEs can also be hybrids with the private sector, creating a tension between the financial aspect and the public mission that could be managed in various governance mechanisms.
5. Formal corporate **governance** mechanisms are discussed next to informal institutions in the corporate governance of SOEs. Accountability pressures on SOEs have increased considerably as complex multi-level, principal-agent relationships now result from various models of public ownership and the fulfillment of wide-ranging public tasks. Similarly, there are changing/evolving relationships between citizens and SOEs as are the relations with various stakeholders and public opinion. The role of SOEs managers is also analyzed and the use of strategic management in SOEs over the last decades.
6. In the sixth section, we move to the **activities and performance** of SOEs, testing the limits of the definitions presented earlier in the handbook. What do SOEs do and how? SOEs should be made accountable for their performance, defined as the way they fulfill the mission assigned to them by the public authority. The rationale and logic behind using SOEs as a policy tool is studied as well. The analysis is pushed further by a look at (re)municipalization. Not only have privatizations diminished but renationalizations have taken place.
7. The handbook's final section is about a **new frontier**. In the past, SOEs were expected to implement economic and industrial policy. In the knowledge-based economy of the 21<sup>st</sup> century, innovation policy has replaced more traditional intervention of the state. SOEs participate to scientific and technological progress, creating knowledge and fostering **radical innovation**. Driving innovation could become their new public mission at a global level.

As the reader will see, SOEs can be studied using different approaches that reach different conclusions, sometimes contradictory. And even if some questions would deserve further investigation, the handbook still offers a fascinating overview of what we know about SOEs today.

Enjoy reading it!