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Governance of public enterprises: An international comparative analysis

Younes BELFELLAH and David CARASSUS

1. Introduction

In 2016 Google Scholar displayed 1,710,000 hits for 'governance' as the key word, 879,000 hits for 'corporate governance' and 110,000 hits for 'public enterprise governance', which highlights the importance of and researchers' interest in governance. In addition, we recorded more than 300 scientific events in 2016 on governance including study days, seminars, symposiums and conferences.

Governance is a key focus for many countries and it is highly used in various disciplines. Politically, it means integration of the citizen in democratic framework and decision-making. In economics, governance targets performance of economic policy and the fight against unearned income, fraud and corruption. Legally, governance is highly important in placing emphasis on the separation, balance and independence of legal power. In addition, governance covers environmental matters through rational allocation of resources, involvement of the various institutions in sustainable development and mobilisation of businesses to ensure their societal responsibilities.

The first definitions of governance come from international organisations. The World Bank defines it as exercise of political power and a control in management of society's resources for social and economic development. The Organization for Economic Cooperation and Development states that governance is the set of mechanisms and means aimed at rallying the interests of different stakeholders, avoiding differences, seeking compatibility and managing susceptibility in order to arrive at a compromise or consensus. Governance is therefore the ability of human societies to develop systems of representation, institutions, processes and social institutions to manage themselves in a voluntary movement. This conscience ability (the voluntary movement), organisation (the institutions, social institutions), conceptualisation (the systems of representation) and adaptation to new situations is a characteristic of human societies.

To this day, there is no precise and comprehensive definition of the concept of governance. However, there are good practices recommended by international agencies. In summary, governance's strategic depth is to have a positive impact on the citizen while contributing to development. It is a practical state involving the application of reference frames, principles and a state of mind that considers universal values.

Governance thus reflects the drive of public sector administrative reform through management of the various powers in public administrations and public enterprises. First, sovereign power or the governance body, which is the one held by the State as shareholder and exercised by the board of directors in a monistic system or the supervisory board in a dual system. Secondly, the executive power, or management, executes the strategy and implements the operational decisions guiding the business. This term can refer to either one or several individuals invested with executive power and, ultimately, the power of surveillance or control. This ensures compatibility between the exercise of the executive power and the social interest, the sustainability of the organisation and its sustainable performance. Gomez and Korine (2008) clarify the concept of corporate governance by differentiating between entrepreneurs, management and governance. Within the limits of the

economic world, ‘entrepreneurs’ define the market, technique or jurisdiction: who will be at the heart of its activity. This choice, although reasonable, is arbitrary because it could also reasonably be otherwise. Meanwhile the leader seeks to find the best combination of means to handle the economic constraints considered as data. The role of the manager is to find resources to get the best match: human skills, financial or technological resources. However, governance is to ensure that those who are suffering the consequences of constraints or of the means chosen – the stakeholders – consider the decisions taken as legitimate. This does not mean that they do not object to the content of the decisions. But they consider that the decision maker is legitimate to take a decision which commits the entire enterprise.

On this point, Charreaux (1997) adds that corporate governance is the set of organisational mechanisms that delineate the powers and influence of the leaders’ decisions – in other words, those who 'govern' their conduct and define their discretionary space. The main role of a governance system (is defined) as aligning the ability to seize opportunities for growth and the appropriation of gains accrued.

The concept of corporate governance has developed significantly following financial scandals such as Enron, Madoff or even Kerviel. Transformation of ownership and a gaping lack of transparency are driving factors that have aroused the need to manage the power relations, determine the margins of operation, and clarify the general interest of the individual and foster honest communication. Corporate governance outlines the definition of the company's legal framework and in particular its organisation, operation, the rights and responsibilities of the general shareholders’ meetings and company management bodies, and the rules to appoint executives and directors. It also focuses on instructions to manage potential conflicts of interest, organisation of controls on management and operation of the company: internal controls, regulatory controls, statutory auditors, the rights and responsibilities of other stakeholders (employees, creditors, customers, suppliers…), and communication and financial transparency of the company.

In this work, we are interested in public enterprises. Historically, public enterprise have played important roles in economic development through industrialisation and modernisation of the structures of growth and production in several countries, including France, Norway, South Korea, Austria, Singapore, India and Brazil.

We are currently seeing considerable evolution in public enterprises moving from being State operators performing public service roles to organisations combining several resources and that are able to produce a good or a service marketable nationally or internationally.

For example, Singapore Airlines is among the best airlines in the world. Other public enterprises represent models of good practice in management and technological progress such as: Embraer, the Brazilian manufacturer of civilian aircraft used in regional, business and agricultural aviation, Renault, which is ranked the fourth motor vehicle manufacturer worldwide; and the Korean company Posco, a major global steel producer. These are successful public enterprises with strong State participation in their ownership and their boards of directors.

To complete this work we collected, processed, analysed and summarised various documents, in particular scientific articles, official reports and professional studies. We were also able to conduct twenty interviews with directors and leaders of public enterprises. We used in-depth interviews in order to explore changes in governance practices while noting their comments, constraints and recommendations to strengthen the governance system and the points of difference with other public enterprises globally. We studied three cases: SNCF in France, STM in Canada and NIW in the United Kingdom.

This paper seeks to perform a comparative analysis of the governance practices published globally to respond to the following research question: What are the similarities and differences between governance practices in public enterprises?

The remainder of this paper is organised as follows: the first part covers the general framework of governance in public enterprises. We then look at the contextual elements and fundamentals of public governance. We finish by comparing governance of public enterprises in France, Spain, Germany, Canada and the United Kingdom with practical illustrations in order to draw lessons learned and suggest potential future research projects.

2. General framework of governance in public enterprises

2.1. Conceptual considerations of corporate governance

Company governance is based on a rich theoretical framework. Several authors are interested in its definition. Caby and Hirigoyen (2000) state that governance is like the network of relations linking multiple parties in the framework determining strategy and company performance. Shleifer and Vishny (1997) consider that governance is the means by which suppliers of capital to the company can ensure the profitability of their investment, limiting the sphere of governance to conflicts of interest between the shareholders and the leaders (shareholders model). Charreaux (1997) considers that corporate governance covers all organisational mechanisms that aim to outline the powers and influence of the leaders' decisions – in other words, which govern their conduct and define their discretionary space. He expands the scope of the stakeholders affected by conflict of interest: bankers, employees, customers and suppliers (stakeholders model).

The main role of a governance system is defined as that of aligning the ability to seize opportunities for growth and the appropriation of gains accrued. In this sense, Rajan and Zingales (2000) define governance as the set of mechanisms to allocate and exercise power, or the hierarchical authority. Criticising the strict shareholder vision of corporate governance, they argue that distribution of power and the value created between the parties active within the company are a governance mechanism centred on prevention of conflict and, therefore, on the convergence of utility functions. It is interesting to highlight the transition from corporate governance to organisational governance. Pesqueux (2010) clarifies that organisational governance aims to combine “relevance – coherence” which prevails in fact, since the two aspects guarantee the organisation's sustainability. Relevance here is seen as the formulation of a strategy to attain profit and coherence as a “corporate governance compromise” between different agents, whether “internal” or “external” to its organisation. Perez (2009) adds that governance is the management of management within the organisation.

In this context, corporate governance represents the set of decisions taken throughout the span of the company and at all levels of responsibility in the aim of creating lasting value while ensuring medium-/long-term development of the enterprise. All this thanks to the relevance of the strategy developed, the optimisation of resources at its disposal and adaptation of this strategy for all stakeholders in the decision chain, while ensuring that the likely risks are quickly identified and controlled.

Governance confronts issues through three opposed pairs:

- Discretionary power versus control of power: the leader makes his choice according to his discretion in establishing decision-making autonomy that may put the company at risk, a lack of counter-power may lead to dishonest behaviour by leaders. It is therefore necessary to find the appropriate path which will balance the leader's decision-making area and its control.
- Information versus secrecy: informing stakeholders is essential for management and good governance. This does not mean that all must share the content of the decisions, but that everyone believes that the one who has decided has the capacity, right, skills, means and legitimacy to do so.

- General interest versus private interest: the enterprise is the place of confrontation between the interests of all stakeholders. It is a space of differences leading to conflicts of interest. Confrontation of these interests leads to a complex series of contractual and cognitive conflicts.

It should be noted that through international corporate governance practices, we can identify two major models. The first is Anglo-Saxon, of the "shareholder" type, characteristic of Anglo-Saxon capitalism, gives primacy to the shareholders and to the goal of creating "shareholder value". The second model is the Rhenish or "stakeholder" model, an attempt through leaders to seek to reconcile the interests of different stakeholders of the company (shareholders, banks, employees, customers). Rhine capitalism, which arranges social dialogue in the enterprise (co-management), is a typical example. Some countries such as Germany already have a tradition of partnership governance. This perspective places greater value on relations with all the stakeholders and the creation of value in the long term. In effect, maximisation of performance is no longer the domain of the shareholders alone. Therefore, you need to optimise the "value partnership" in a context of differences of points of view, i.e. conflicts of interest between the stakeholders. This model provides a major emphasis on labour and representation of the parties, a high susceptibility for consensus, and a key role to risk prevention and anticipation. The cultural dimension provides the justification of corporate governance models and these behavioural traits have a greater effect on implementation of company governance (Licht, 2014).

Likewise, a hybrid governance model seems to be emerging. It is characterised admittedly by a strengthening of the powers of control of shareholders and in particular of minority shareholders – a loan to "shareholder" model – but also by the additional powers granted to employees and to society: characteristic of the "stakeholder" model (Cheffins, 2012).

These models have developed approaches to assimilate the governance system in terms of mechanisms, aim and meaning. The first approach is that the shareholder is interested to align the interests of shareholders with those of leaders and secure the profitability of financial investments (Shleifer and Vishny, 1997). It is therefore the manner in which a contributor of capital ensures income on his investment. According to Charreaux (1997), the "shareholder approach" is the main backdrop to debates on the remuneration of leaders and directors, the role, composition (external directors or not), the form of the board of directors, the disciplinary role of public tenders, the role of measuring performance of the financial market, the right of expression and the protection of small shareholders….

In addition, the partnership approach covers the relations between all stakeholders in extending the scope of decision making to encompass the tributary variants. Thus, the best sharing of decision-making authority and the risk between the different categories of stakeholders leads to greater efficiency and ensures greater organisational cohesion. In turn, efficiency of the company supposes maximisation of the value partnership. Maximisation of wealth is done through mechanisms likely to resolve the conflicts between the different partners (Hart, 1995).

Furthermore, a very recent cognitive approach that no longer considers governance as a contract point, but rather a directory of knowledge able to perceive new opportunities that create sustainable value. To do this, the value creation process involves subtle coordination between the stakeholders, the ability to consolidate their intangible capital through knowledge sharing, expertise with a view to a goal and a common achievement. This extended contractualist approach of governance encourages protection of the value of human capital and reconsidering the managerial strategy of rooting in a more positive manner. However, the disciplinary vision remains dominant because governance mechanisms retain this function of securing investment (in the broad sense) with respect to the risks of expropriation subtended by the maximising behaviours of individual utility in uncertainty.

2.2. Contextual elements of governance in public enterprises

Governance of public enterprises is based on the dominant role of the State on multiple issues as owner and shareholder of public enterprises. It requires determination of the legal and fiscal framework of economic activities; to assume its responsibilities under public policies which it leads in regional social, industrial or development matters. In addition, it must define the conditions for the implementation of the public service when that is the responsibility of the State and not of the territorial communities, and regulate the sectors of activity.

In this sense, the Organization of Economic Cooperation and Development (OECDb) in 2005 defined the guidelines of governance for public enterprises. The principles are as follows:

- Public authorities must develop a shareholding strategy defining the overall objectives of State ownership.
- The State must allow boards of directors of public enterprises to exercise their responsibilities and respect their independence.
- Exercise of the rights attached as shareholder must be clearly located within the administration. It should be centralised within a single shareholder entity or, when this is not possible, entrusted to a coordination body. This "shareholder entity" must have the powers and skills required to fulfil its obligations.
- When public enterprises are listed or include non-State investors among their shareholders, the State and public enterprises must recognise the rights of all shareholders and ensure that they receive fair treatment and equal access to information on the company.
- The board of directors of a public enterprise must be seen to assign a clear term of office and ultimately assume responsibility for the results of public enterprises.

Another important characteristic of governance of public enterprises is their legal form. The most common form is a limited liability company, followed by as public limited company (Gilson, 2016). In several countries, public enterprises are considered companies just like others and fall under the same company law. This links in with the vision of the companies that does not make a great distinction between the managerial firms and public enterprises (this current is detailed in the first section of this thesis). But they are nevertheless sometimes in the form of a public law body, for example in the following countries (OECD, 2005b):

- Sweden, where airport authorities and those of the national energy network are State bodies.
- Switzerland, where the post office (La Poste) is under public law.

In some countries, public enterprises are subject to specific legislation, either laws governing an entire category of public enterprises or laws relating specifically to some public enterprises. France for example distinguishes between:

- EPIC.

Public industrial and commercial institutions (or EPIC) are public law entities set up to manage a public service activity. An EPIC is largely governed by private law: its staff is subject in principle to the Labour Code and is essentially similar to private sector employees, and the contracts that they have with their users are subject to private law.

- National companies.

These are public limited companies in which public entities are the only shareholders. SCNs fall under commercial law but benefit from dispensations as regards the ownership, boards, and status of directors and leaders.

For example, the boards are organised on a tripartite basis between employees, qualified persons and representatives of the State.

- Mixed-ownership companies.

This is a form of SCN, in which public communities and shareholders share in the capital. However, the modes of internal organisation (Board, General Assembly) are different from one company to the other.

Public enterprises with a special legal status are often governed by different provisions with regard to boards of directors and levels of communication of information required. In addition, they are not subject to bankruptcy legislation. Following market deregulation and liberalisation measures, some harmonisation of the legal status has however occurred, for example in EDF and GDF in France. There are many reasons to want to harmonise the legal status of public enterprises with that of private companies, namely to enable a more systematic use of the corporate governance instruments and facilitate access to capital to finance expansion, including abroad.

Table 1. Legal forms of European public enterprises

	Company law		Public law	Special law		Comment
	Private limited companies	Joint stock companies		For certain categories of public enterprises	For specific public enterprises	
Belgium	X	X	X	X		All enterprises are independent State enterprises governed by public law. They are also subject in part to general company law, with the exception of a few dispensations provided for in the autonomous State enterprises law.
Denmark	X	X			X	For enterprises limited by shares, only company law applies, while other public enterprises are governed by specific legislation.
X	X	X		X	X	The general provisions of company law apply. In addition, there are public enterprises with a distinct statutory form (State Enterprises).
Germany	X	X			X	Commercial public enterprises managed as joint stock companies and limited liability companies.
Greece		X				Public limited company.
Italy		X				All commercial public enterprises are managed as joint stock companies.
Netherlands	X	X	X	X	X	All limited liability companies governed by private or public law.
Spain		X		X		All limited companies.
United Kingdom	X	X	X	X	X	Public enterprises can generally take three forms: - “Companies Act companies”, subject to the rules applicable to companies in the private sector; – “Statutory Corporations”, subject to specific legislation; - “Trading funds” (executive bodies of the Ministries).

Source: OECD: Questionnaire on governance of public enterprises, 2011b

However, the legal status of public enterprises is directly assigned by the legislative or regulatory texts of creation, regardless of the legal status chosen. In France, according to a government decision in March 2010, the objectives in public enterprises must be directed toward the provision of an active contribution to the industrial and social policy of the government. In August 2010, a public enterprises commissioner, which is the responsibility of the Ministry for the Economy and Finance, was appointed to supervise this policy.

Since the 1990s, the laws, rules and standards have multiplied in order to trace the lines of "better governance". According to the list provided by the European Corporate Governance Institute, 253 codes were published between 1992 and 2012: 240 national codes from 60 different countries and 13 international codes.

States have become aware that "interest in corporate governance goes beyond that of shareholders in the performance of individual companies. As companies play a pivotal role in our economies and we rely increasingly on private sector institutions to manage personal savings and secure retirement incomes" (OECD, 2005).

That is why States are required to define general rules which are then clarified and listed by codes of good conduct, and which are then disseminated through the publication of charters and rules of procedure within the companies.

We present a summary table that lists the codes of good governance according to the leading countries in the field, with the main recommendations underlined.

Table 2. Synthesis of codes of good governance and practical recommendations.

Country	Codes and reference documents	Main recommendations
USA	– A Guide for Directors and Corporate Councils (1996) – Director Professionalism (1996) – Corporate Governance Survey (1997) – Coping with fraud (1998)	– Encourage the appointment of independent directors. – Facilitate internal control. – Ensure transparency to financial markets. – Balance powers within the company. – Create three independent committees (Audit, Nominations and Remuneration). – Publication of managers' remuneration.
United Kingdom	– (Cadbury, 1992) – Director's Remuneration (Greenbury, 1995) – The Combined Code (Hampel, 1998).	– Separation of executive and control powers. – Preparation of a charter on the rights and duties of directors. – Create three independent committees (Audit, Nominations and Remuneration).
Canada	– Where were the Directors? (Dey Report / Toronto Stock Exchange, 1994).	– Clarify the role of the chair of the board and the Chief Executive. – Encourage boards to comply with a composition in which independent directors are in the majority. – Create independent committees (Audit, Nominations and Remuneration).
Netherlands	– Corporate Governance in – Nederland (Peters Report, 1997)	– Separation of powers between the supervisory board – and executive management. – Independence of the members of the board, as well as definition of the roles and responsibilities of the two bodies. – Creation of specialised committees.
Germany	– KonTraG (1998)	– Limit the accumulation of terms and remove multiple voting rights. – Establishment of specialised committees.

Country	Codes and reference documents	Main recommendations
Japan	– Corporate Governance – Principles (1998)	– Creation of a board of directors inspired by the Anglo-Saxon models, composed of a majority of independent directors. – Establishment of specialised committees.
Italy	– Testo Unico Draghi (Legislative Decree, 1998)	– Modification de la shareholding structure of listed companies. – Information on members of the board and managers' remuneration.
France	– The Viénot report (1995) – The Arthuis report (1996) – The Marini report (1996)	– Introduction of independent directors. – In the board and limitation on accumulation of terms of office. – Drafting of ethical charters. – Creation of specialised committees.

Source: Author's own

The growing importance of corporate governance translates into multiple initiatives aimed at establishing and clarifying "best practices". They emanate from diverse stakeholders, whether institutional investors, international organisations, governmental or representatives from companies themselves. These initiatives have resulted in a significant number of governance codes (GC) whose application is voluntary and that contain a set of recommendations aiming towards an "ideal". At the end of March 2004, there are a total of 121 GC at a global level.

A recent study was commissioned by the Commission in Brussels solely for the member countries of the European Union (EU). According to this study, the movement to design and disseminate "best practices" of governance, as regards Europe, essentially started in Great Britain in the early 1990s. In Europe, GCs therefore first emerged in a context of financial scandals, particularly arising from matters of conflict of interests and despoliation.

With the growing role in public enterprises, some European countries preferred to adopt specific codes for these firms. Others simply published codes adaptable to several types of businesses, including public enterprises.

In Germany, the Department of Finance submitted a public enterprises governance code for approval in 2009. This code applies to public enterprises independently of its legal status. The code covers most aspects of ownership and governance of this type of firms, including the role of the shareholders, their meetings, the board's supervisory and management responsibilities, remuneration, transparency and financial information. It provides a summary of these practices to be complied with by public enterprises and their owners, ranging from certain aspects of applicable law, to "recommendations" and to undiluted "suggestions".

Parts of the individual elements were already implicit or explicit in a pre-existing multitude of directives for public enterprises from the Department of Finance. Under the new rules, members of the board of directors are now subject to a continuing obligation to issue a report on conflicts of interest that may arise during their term.

In Norway, a White Paper published in 2006 stated that the government will remain the active and long-term owner of large public enterprises in Norway. This document, which has been submitted to Parliament, relies primarily on the Norwegian ownership policy, clearly indicating the Norwegian government's position on various issues relating to the public enterprises sector, including the objectives and the organisation of State property, the company responsibilities and composition, the remuneration of the leaders and the planned profit-sharing. A set of principles for good ownership have also been indicated in accordance with the generally recognised principles of corporate governance.

In Spain, general rules relating to the assets of central government have been adopted by royal decree in 2009. These general rules are essentially a hybrid between a policy of ownership and the elements of a code of good practice for the broadest scope in public enterprises. The main motivation for the change included: the desire to increase the efficiency of public enterprises and related public bodies; and the establishment of a framework of transparency for public enterprises.

In Sweden, in November 2007 the government adopted guidelines for external reports in public enterprises. The guidelines essentially dictate that external communication of public enterprises – which includes the annual report, the interim reports, the corporate governance report, the report on the internal control and the report on sustainable development – should be as transparent as in publicly traded companies. In the annual report, the board should describe the manner in which the guidelines have been implemented over the financial year and comment on any deviations. According to the guidelines, the board is responsible for presenting a report on sustainable development, in accordance with the Global Reporting Initiative (GRI) from FY2008 onwards[7]. In April 2009, the government also introduced terms and conditions of employment for senior executives in public enterprises in these guidelines. Thus, the manager's remuneration in these firms is the responsibility of the board of directors as a whole. In case of deviation from the government's guidelines, the board should report on the specific reasons for each particular case.

In France, the rules on governance are not contained in statutory or regulatory texts, but instead in the codes developed by the bodies representing businesses (MEDEF, AFEP)[8]. In addition, referring to a code of governance is currently only optional for companies whose financial securities are listed, as stated in article L225-37 of the Code of Commerce. There are currently two codes of governance that have been written by organisations representing businesses: The "AFEP-MEDEF" code developed by the French Association of Private Companies and by the Movement of French Enterprises, and which is mainly used by CAC 40 companies; and the "Middle next" code developed by the association of the same name. The latter is aimed more at small and medium-sized listed companies, and intends to be adapted to their size, capital structure and their history.

For public enterprises, the French Institute of Directors published a Governance Code in May 2017 entitled: Governance of enterprises with State participation. It proposes recommendations concerning the relationship between public enterprises and the State, management of conflicts of interest and the composition of the board of directors. However, companies may choose to explain why they do not comply in an adaptation to French law of the Anglo-Saxon "comply or explain" principle.

In Belgium, there is the Buysse code and the Belgian Code on Corporate Governance (Code, 2009).

- The Buysse code provides recommendations to companies not listed on the stock exchange. It includes recommendations on the role, functioning and composition of the board of directors; the role, appointment, evaluation of and remuneration of senior management; external control, involvement and role of the shareholders. There are also recommendations specific to family businesses and basic recommendations for good company management.
- The 2009 Belgian Code of Corporate Governance is the second edition of the Belgian Code on Corporate Governance. It is aimed at companies under Belgian law whose shares are traded on a

[7]It should be published on the web site of the company concerned, together with the company's annual report. The sustainable development report can be either a separate report, or an integral part of the annual report.

[8]Initially, the Viénot report "The Board of Directors of Listed Companies" published in July 1995 was developed at the request of the French Association of Private Enterprises (AFEP) and the Movement of French Enterprises (MEDEF) for French companies. The need to enact such a code arose in the wave of privatisation and the opening of the stock markets to investors who were not always aware of how the management of the listed companies worked.

regulated market ("listed companies"). However, given its flexibility, the Code can also serve as a reference framework for all other companies.

The Code is also based on the "comply or explain" principle[9]. This principle, supported by the OECD, is recognised by EC Directive 2006/46, which provides that listed companies must publish a statement on corporate governance. This obligation was transposed in Belgium through the Act of 6 April 2010 aimed at strengthening corporate governance in publicly traded companies and in independent public enterprises[10], and to amend professional prohibitions in the banking and financial sector.

It should be noted that contrary to what one might imagine, cognitive aspects are not completely ignored. Simply, although interest in expertise and professional competence for value creation is not completely ignored by the authors of Governance Codes, they do not really derive from the formulation of "best practices". Cognitive dimension only appears implicitly and marginally, whereas aspects related to the asymmetry of information and conflict of interest are developed in a very explicit manner in these codes. Disciplinary aspects also predominate in their recommendations (Wirtz, 2005).

3. Governance of public enterprises: empirical illustrations and lessons learned

3.1. Analysis of results

In this section, we analyse the comparative illustrations between the countries studied by emphasising the practices of the governance structure, control, and the relationship between the State and public enterprises.

France

France is organised around a central devolved and decentralised State. France has 1517 public bodies, of which 1057 are companies. These companies are managed by the French State Holdings Agency (APE) which centralises the management of State holdings in industrial companies. The implementation of the Organic Law on Finance Laws (LOLF) helped define State operators' connection to government actions and programmes. We emphasise that the relationship between public enterprises and its competent ministry is standardised through a strategic control framework: annual strategic meetings, target-based or performance contracts, mission statements, activity monitoring charts, etc.

As regards the Board of Directors, it performs a function of direction and its composition is standardised as such: 1/3 representatives of employees, 1/3 representatives of the State and 1/3 independent directors. At this point, the Ministry of Finance exercises control through four entities: The General Directorate of Public Finance (DGFIP), the General Economic and Financial Controller (CGeFi), the Ministerial Budgetary and Accounting Controller (CBCM) and the Inspectorate General of Finances (IGF). Continuous control is the main modality for the exercise of financial control. However, the recent evolution of economic and financial control has resulted in the development of periodic control programmes. In addition, the agencies are assisted by the DGFIP in the upgrade of their internal control and risk management system. By contrast, the Court of Audit has judicial control on company accounts and on their effectiveness/efficiency in the implementation of public policies.

[9] This same principle is used in French law.
[10] This reinforces its adaptability to public enterprises.

Spain

Spain, a decentralised parliamentary monarchy, has experienced thorough reform of public governance in a context of strong political expectations. Spain has 6536 public bodies, of which 2036 are companies. There is significant power in technical supervisory departments to ensure supervision of activity, functional control and efficiency, strategic direction, and which are accountable to Parliament. In addition, two transversal entities are attached to the Treasury: The Spanish State Investment Company (SEPI), a holding company which centralises the management of 17 commercial companies; and the Directorate General of Public Administrations which ensures monitoring of the portfolio of commercial companies. Control is exercised by the Treasury via the General Supervision of State Administration (IGAE). This IGAE control is exercised according to 3 modes, adaptable according to the public sector segment: initial verification, permanent financial control and audit. By contrast, the Court of Auditors and the External Control Bodies of the Autonomous Communities (OCEX) exercise a judicial control. The latter is carried out according to the principles of legality, efficiency and economic efficiency. The results of the control missions are published in the Official Bulletin and forwarded to Parliament.

Germany

Germany, which has 4000 public enterprises, is included for the peculiarity of its Federal Germanic model characterised by the existence of a unique legislative and regulatory framework broken down from the central level to the federal level. Germany is characterised by the following points:

- A supervised process of creation is accompanied by specific criteria that must be followed to justify the creation of a new public entity.
- The Code of Federal government enterprises helps clarify the role of the State as a shareholder and serves as a framework for good practices for public enterprises.
- The public enterprises regulation remains the main benchmark and is regularly updated.
- The General Assembly is operational and allows the State to ensure its steering function. The Supervisory Board is in itself centred on the proper performance of the company's mission and acts in the interest of the economic viability of the company.
- The State's external control on public enterprises is the exclusive responsibility of the jurisdictional bodies, which are the Courts of Auditors: 1 Federal Court of Auditors and 16 Länder Courts of Auditors.
- The Federal Department of Finance does not have a control mission.
- Public enterprises are autonomous and responsible for their internal control. They are required to establish a system to prevent and manage risks.

Canada

Canada is included due to the peculiarity of its model that brings together francophone and Anglo-Saxon governance practices, as well as for the particularly innovative nature of its public reforms. Canada has 200 public bodies, of which 50 are companies. In this sense, management of public enterprises is the responsibility of the competent ministry which reports to Parliament, via planning of actions and expenditure which is carried out according to a predefined annual cycle. We emphasise the existence of an independent body, the Treasury Board, which ensures the overall coherence of the action of ministries and affiliated bodies. In addition, the organisation has maximum autonomy in the management of operations, in particular via its legislative bodies. The directors of legislative bodies are mostly independent and are appointed for their skills learnt through continuous training.

Regarding control of public enterprises in Canada, these companies have progressive autonomy which is based on an internal control and risk management system. The Ministry of Finance does not control public agencies and external control is the responsibility of the jurisdictional bodies. Similarly, the competent Ministry is responsible for reporting the activity and results of organisations and companies in its portfolio to Parliament. We note that integrated risk management is implemented systematically for the whole portfolio. It takes the form of comprehensive risk maps at 3 levels: company, ministerial portfolio and Canadian portfolio.

United Kingdom

The UK is a constitutional monarchy and has a parliamentary system of governance. The State has 100% ownership of 20 public enterprises and several holdings in various companies which belong to various sectors. There are three types of public enterprise: Executive Agencies (EAs), Non-Departmental Public Bodies (NDPB) and public corporations.

In the United Kingdom, the board of directors has a broad power in decision making especially with the prominent role of independent directors, guided by the Senior Independent Director who must have extensive experience in management of boards. Governance of public enterprises in the United Kingdom places a huge emphasis on compliance compared to ethics, professional conduct and anti-fraud standards. In addition, public enterprises are subject to permanent governance reporting: monthly or quarterly report from the board of directors, the status governance annual, internal and external audit reports, the semi-annual accountability report, and the review of the price-quality ratio.

Public enterprises in the United Kingdom must be highly transparent to stakeholders and society. They represent a model in terms of differentiation between confidential information and that made available to the public.

3.2. Conclusive lessons

This section discusses the various lessons learned from the documentary analysis and interviews conducted with directors and managers in public enterprises. We used in-depth interviews. Rather than facts or specific judgements, this interview technique helps us see often latent and mobile representations: framework of reference, subjective logic and underlying values to reasons explicitly invoked by an individual. The researcher defines a general theme that he proposes to the respondent without interrupting. Interventions are limited to facilitating the interviewee's speech, showing understanding, reiterating the elements already expressed by a subject, or by going deeper into the discursive elements already set forth. In this section, we focus on the opportunities for research and the implications of our work.

The first confirmatory analysis: Content of interviews with directors and managers of the French National Railway Company (SNCF).

The SNCF is a French public enterprise created in 1937, composed of three public industrial and commercial institutions (EPICs): EPIC SNCF, EPIC SNCF Réseau (networks) and EPIC SNCF Mobilités (transport). It employs 260,000 people and has a turnover of 31.4 billion euros, of which 33 % is generated internationally. It holds the monopoly on the rail transport market with a network of 29,273 km and it is ranked the third company in Europe after the Swiss Federal Railways (*Les Chemins de fer fédéraux suisses*) and the German company Deutsch Bahn.

The SNCF board of directors is composed of 24 members, of whom 16 are appointed by decree and 8 directors are chosen by the employees. In the members appointed by decree there are 12 representatives of the State, a senator, a member of parliament, a union representative and an independent member chosen for his professional qualifications.

Questioned on the composition and on the operation of the board of directors, Mr AA, director and member of the SNCF executive board, said: "…The board of directors meets twice a year and is composed of 24 members whose term of office is 5 years, renewable 2 times… The composition the boards of directors and supervisory board must include diverse professional and human skills… The independence of the directors is a gauge of the equality of treatment of different stakeholders in the company…".

In this sense, the independence and the competence of the independence becomes the centre of concerns in the boards of directors, the report from the Economic, Social and Environmental Board entitled: Performance and governance of the company published in May 2013, which states that diversity in all its forms of the directors must contain an obligation of independence and limit the member's terms of office; the function of director must not become a profession.

The French Institute of Directors published the Directors' Handbook in 2013 which defines the director's term of office, their statutory and legal environment, and the major decisions that they may take. These are the following decisions: the development and monitoring of strategy implementation, completion of accounts, analysis of the company's financial performance, management of risks, social and environmental responsibility, execution of mergers and acquisitions, contact with stakeholders, evaluation of leaders' performance, and remuneration and succession of leaders.

On remuneration, Ms BB, member of the SNCF appointments and remuneration committee, said that: "… The appointments committee must define a target board of directors, its optimal size and profiles/types of directors in accordance with the company's dimension, the diversity of its sectors of activity and the strategic objectives that it has set. The committee must endeavour to explain the criteria that it has used to recommend this target structure, and to highlight the talents missing to improve the Board's activities…". "…Although no law exists in France specifically stating the existence of a board secretary and, thus, the function it fulfils, its role is essential to allow directors to work effectively: the secretary disseminates the documents likely to be of interest to directors based on the timeliness of the business and its context; the secretary promotes the conditions for the reception of new directors and is closely involved in assessment of the board's work…".

Dissemination and transparency of information plays a key role in governance. Mr CC, representative of SNCF employees, adds that: "…The director is entitled to full and complete information, that is truthful and fast. It must ensure that the information required to correctly complete its missions, with their characteristics and frequency, are well communicated on time by executive management… The Board agrees a good conduct code with the representatives of the director categories called to attend the board meetings and the representative of individuals… An annual discussion focuses on assessment of provision of information to directors with an action plan to allow improvements".

Questioned on the goals of the audit committee, Mr DD, accountant by training and a member of the SNCF audit committee, explained: "…The Audit Committee is a pillar of governance, its missions concern: monitoring of the process for preparation of financial information, the legal control of accounts, the independence of statutory auditors, effectiveness of the internal control systems, risk management and internal audit…". On this subject, the French Institute of Directors in collaboration with KPMG Audit Committee Institute published a guide of good practices for audit committees and modus operandi in June 2015. This stated that the audit committee must report on committee meetings, pending issues, feedback to the board and communication with the board.

The second confirmatory analysis: Content of interviews with directors and managers of the Montreal Transit Corporation (STM).

The STM is a public enterprise providing collective transport services to the population of Montreal. This 482 km^2 area covers a quarter of the population of Quebec, Canada. With its population of 1,650,000 inhabitants, the city of Montreal is the metropolis of Quebec, in addition to being the economic and cultural capital. This ensures a strong regional and global projection. Several industrial clusters and large multinationals are active there in the technology and services sectors (Bombardier, SNC-Lavalin, Ubisoft, Cirque du Soleil, etc.). Montreal is also one of the most important university cities of North America, located just behind Boston. It houses several tertiary learning institutions, including four major universities: McGill, the University of Montreal, Concordia University, the University of Quebec at Montreal, and three large schools: HEC Montréal, École Polytechnique and ETS (École de Technologie Supérieure). It employs more than 15,000 people and its services are divided into two main categories:

- The bus network: it operates seven days a week and includes 209 lines, of which 20 operate a night service.
- The metro: in 2016, 759 trains operated on the four metro lines each day (68 stations) through the city.

Questioned on governance in the STM, Mr EE, STM director, said that: "… Internally, two bodies govern the STM: the board of directors composed of elected representatives and customer representatives, and the steering committee made up of managers. With more than 90% of employees unionised, the unions therefore hold significant power, which unavoidably makes them stakeholders when taking decisions because STM must align its objectives with those of the mayor of Montreal and the Government of Quebec; the STM cannot decide its strategy alone. Similarly, large-scale projects must often be approved and funded by the municipal authorities, the Montreal agglomeration and suburban cities, as well as by the Government of Quebec. In addition, many internal and external stakeholders without a formal decision-making role are "invited" to the negotiating table. These include unions, employees, customers, the media and various influence groups (for example, environmentalists or representatives of adapted transportation users). All these stakeholders are involved in decisions regarding major projects…". He adds that "… STM's governance is split into two decision-making bodies: the steering committee and the board of directors. The first develops the company's strategy and outlines the general guidelines with a view to presentation to and acceptance by the board. It is headed by a Chief Executive and composed of 7 executive directors, a Deputy Chief Executive and a main director who undertake strategic roles for the company: operation, legal affairs, major projects, human resources, finance, planning of networks, marketing, communications, public affairs and strategic planning. The second body, the board of directors, is a monitoring body and approves projects presented by management. Where appropriate, it appoints and revokes appointment of the Chief Executive and directors. It consists mainly of elected municipal officials and three customer representatives. Finally, the Chair and the members of the board of directors are appointed by the mayor of Montreal or the Agglomeration Council on the recommendation of the mayor. In the opinion of the observers, the presence of members elected to the board of directors meeting is far from trivial…".

In this sense, the code of good governance practices in Canada proposes measures to support the proper functioning of the board of directors:

- Set out company rules for specialised committees.
- Promote a policy of positive discrimination by establishing quotas for the appointment of women on boards of directors.
- Promote contracting between public enterprises and the State by defining a methodological framework.

- Require the publication of governance records and an annual governance report.
- Develop intelligent institutional engineering that encourages lines of governance between the different stakeholders involved in public enterprises.
- Establish an anti-fraud system.
- Establish a general governance chart and a steering system for the board of directors.

We questioned Ms FF, member of the STM steering committee, on these points who responded: " … The State-business relationship, the internal governance mechanisms and the control devices are the fundamentals of public governance… To mobilise the members of the board of directors, and improve relations, the STM established eight "expert sub-committees"; an innovation in the area of governance. This are units for reflection and specialised information in a defined field of expertise (finance, human resources, operations, maintenance of assets, etc.). These committees meet five to ten times per year; they do not have decision-making power but consider records, including of major projects, before they are presented to the board. The members of the committee have a responsibility to evaluate the projects and then to explain them and make recommendations to the other members of the board of directors. The advisers are independent and objective; the directors know it and are reassured by it. In fact, advisers may question proposals before the elected representatives and respond to their questions. A project may come back two or three times before it is ready. Finally, when managers have responded to all the advisers' questions, the elected representatives of the committee are both well informed of the details and confident about its viability. They can then ensure their peers and the other members of the board of directors that the project is good. There are therefore never any surprises for the board because the project has been worked on a lot previously…". Regarding consideration of ethics and the fight against fraud in the board of directors, she adds: "…The Board organises several opportunities for thorough and friendly debate on the company's ethical policy, the mapping of ethical risks established by the management and evaluation of the resources allocated by management to the ethics director. The board examines the company's code of ethics to ensure that it matches its values and its specifications. It ensures that there is an ethics and compliance component in internal audits requested, and adequate training in ethics for members of the board of directors. In addition, the board ensures the implementation, as encouraged by management, of a company employee awareness programme on the risk of fraud and corruption. They coordinate with the statutory auditors on their assessment of the risk of significant anomalies resulting from fraud prior to the implementation of audit programmes. The board of directors ensures that there is a protocol for investigation of cases of fraud or corruption allegations, and defines a well applied anti-fraud and anti-corruption policy in the main stage of the company in particular during internal reorganisations, scope changes, or the development of new markets…".

Regarding the relationship with stakeholders and transparency with them, we questioned Mr DD (director and member of the STM Strategy Committee) who said that: "… Innovation lies in development of a simple and effective structured approach that help establish a political strategy for each of the stakeholders and to have a profitable relationship with them. Thanks to this, management of government affairs is much more organised. It is summarised in five steps:

1. List the stakeholders: Identify the stakeholders of the company environment and drafting of descriptive sheets.
2. Map the stakeholders: Graphic representations of the stakeholder environment are prepared for each important stakeholder. These charts are useful for governmental affairs but also for leaders since it allows them to quickly determine the key stakeholders during the emergence of a problem.

3. Prepare a positioning statement: For each issue, this will define the principles to be promoted, the key messages or the recommendations. In short, STM's official position is based on factual data, figures and internal information.
4. Action plan: It is then necessary to determine how STM will affirm its legitimacy, how it will know and how it will establish its positioning. What external factors will it consider? Which internal persons choose to disseminate the message? What actions should be prioritised?
5. Preparation and presentation document: Finally, you need to prepare for middle managers and leaders to meet with members of the government. The preparation document provides information on who or what they are preparing to meet. Also, a presentation document must be sent to the people met.

Regarding transparency, we are an extremely media-centred company; there must be no more than three days per year when the media do not speak of us in one way or another. We are a true showcase; we have no interest in lying or hiding information because things will get out in one way or another. Accordingly, it is essential that we monitor everything that is said very closely. It is important to ensure that what is said corresponds to the reality. If this is not the case, we must correct it immediately…".

The third confirmatory analysis: Content of interviews with directors and managers of Northern Ireland Water (NIW).

Northern Ireland Water is a public enterprise created in 2007 in the United Kingdom. It employs more than 1500 people and provides 650 million litres of drinking water to 2 million consumers.

Questioned on risk management in the board of directors, Mr HH, director and member of the NIW Risk Committee explained: "…Our board of directors plays an important role in the determination of Risk Appetite as a real issue of business competitiveness. Risk appetite is the definition of the type and the level of risk that an organisation is prepared to accept in light of the strategy. This desired level of risk is the balance between the potential benefits of risk-taking and inherent threats in any change. Our company's risk appetite has been defined within the 3-year strategic plan. It is an initiative which was designed to measure the risk level desired by the board and management to achieve the objectives defined in the strategic plan and to assess alignment between the board and management. In addition, we implemented a standardised approach conducted by the Director of Strategy and the Director of Internal Audit and Risk Management by identifying risk areas likely to affect the achievement of the strategic objectives, the quantitative assessment of the issues and the development of a synthesis of the discussions and return to the Board…".

On the same line, the code of governance of companies in the United Kingdom refers to the following points:

- The role of the Board is to provide entrepreneurial leadership in the context of careful and effective control that allows us to assess and manage the risks.
- Define the strategic objectives, ensure that the necessary financial and human resources are in place so that the company can achieve its objectives and assess management's performance.
- Define the values and standards, and ensure that its obligations to its shareholders and others are understood and respected.
- In accordance with their legal obligations, all directors must act in what they see as the best interests of the company.
- The annual report should include a statement of operation of the board of directors, the types of decisions taken by the Board and who should be appointed to the Branch. It should identify the

Chair, the Chief Executive, the main independent director, the members of the Board committees, and the number of meetings held and which directors attended.

On the characteristics of governance of public enterprises in the United Kingdom, we asked Mrs II, a member of the NIW board of directors, on accompanying measures put in place by the company to improve the company's governance practices: "… The principles are as follows:

- Implement coordination mechanisms between the specialised committees, executive management, the board of directors, and the technical and financial trustees.
- Adopt a competence-based approach within the boards of directors.
- Extend the margin of decision of leaders within the public enterprises to promote managerial leadership and ensure the continuity of the institutions.
- Schedule studies of the impact of governance on the citizen.
- Plan adequate training for directors.
- Exploit and value the reports of State controllers which feed information to the financial supervision represented by the Ministry for the Economy and Finance.
- Harmonise the missions and attributes of financial control agents, and ensure the continuity of the expenditure chain…".

Questioned on the assessment of the board of directors, Mrs II stated that: "…The board's assessment contains three phases: the first phase involves definition of the roles of the members of the board of directors and outlining a calendar of activities for the Board and the specialised committees. The second phase consists of a continuous assessment by monitoring progress of conformity and taking corrective measures, examining the completion of records, conflicts of interest, gifts and hospitality and drafting a quarterly shareholder report. The last stage is the end of year review through establishing a review team, the calendar of activities and progress, adoption of changes to the governance documents and implementation of changes, consultation with shareholders on the changes to the governance framework, and the appointment, reorganisation or resignation / termination of directors…".

4. Conclusion

This work looks at an international comparative analysis of governance in public enterprises.

We started by defining the theoretical and conceptual framework of public enterprise governance. Then, we performed a comparative analysis of governance at public enterprises in France, Spain, Germany, Canada and the United Kingdom. We end this work by looking at the lessons learned from three international case studies involving development opportunities for governance practices in public enterprises.

At this point, we note the development opportunities resulting from this comparative work:

- Clarification of the role of the State: Enhancing the role of the Strategist State in particular through generalisation of contracting with public enterprises, outlining the role of the Shareholder State in developing a shareholding strategy, active management of the State portfolio, representation of the State within the legislative bodies, and lastly clarification of the role of the State Controller.
- Strengthening the internal governance system in public enterprises: professionalization and operationalisation of legislative bodies, increasing the leader's accountability and implementation of an efficient internal control system.

- Implementation of the Code of Good Governance Practices: an effort in raising awareness and communication in order to embed the governance culture and disseminate its benefits for public enterprises.
- Development of a policy of active management of the portfolio public: through the implementation of a new legal, institutional and procedural system to ensure better control of the public portfolio.

We therefore collected, processed, analysed and summarised various documents, in particular scientific articles, official reports and professional studies. We were also able to conduct twenty interviews with directors and leaders of public enterprises through in-depth interviews in order to explore progress in governance practices, while noting their comments, constraints and proposals to strengthen the governance system.

Finally, it would be very interesting to conduct studies on the impact of governance on the performance of public enterprises in consideration of the fundamentals of governance, in this case based on the operation of the board of directors, accounting and the appointment of the leaders. The comparative analysis of governance practices between the public sector and the private sector represents a line of eminent research that could clarify the effects of privatisation on public enterprises. It will be necessary to broaden this comparative analysis to other countries that have governance models different to the classic models such as: Japan, China and the United States.