

## Particularities and Pertinence of Public or State-Owned Companies

### Particularidades y pertinencia de la empresa estatal o pública

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#### ABSTRACT

**Aim:** To explain the pertinence of public or state-owned companies. The debate on the existence and suitability of public company, state company or state-owned company, has garnered top interest. In the global economies, state company privatization has been one of the most commonly implemented public policies in recent years. In Cuba, state companies are the main subject of the national economy. The particular challenge in the Cuban case has to do with managing these companies into innovating, effective, and efficient generators of high-quality goods and services, all of which moves through adequate management by the state.

**Method:** The theoretical method used was documentary review, particularly the analysis of legal standards from countries, reports issued by the Organization for Cooperation and Economic Development, programmatic documents of Cuba, and the scientific literature.

**Result:** The importance and pertinence of public or state-owned companies was corroborated, in addition to the need of placing a balanced, orderly, and reciprocal relationship between the state and companies.

**Conclusions:** These companies are concentrated in strategic sectors, with a high impact on society; the body that manages state property for public benefit and satisfaction. Their position is outstanding within the basic services, infrastructure or strategic sectors, and the national defense.

**Keywords:** public or state-owned company, public company pertinence, public policies, state-company relationship.

## RESUMEN

**Objetivo:** Fundamentar la pertinencia de la empresa pública o estatal. El debate sobre la existencia y pertinencia de la empresa pública, empresa del Estado o empresa estatal ha sido objeto de máximo interés. La privatización de empresas estatales ha sido una de las políticas públicas más generalizada de los últimos años en las economías mundiales. En el caso cubano, la empresa estatal es el sujeto principal de la economía nacional. El desafío está en torno a cómo gestionar esas empresas para lograr se consoliden como innovadoras, eficaces, eficientes y generadoras de bienes y servicios de alta calidad; todo ello transita además por una adecuada conducción desde el Estado.

**Método:** Ha sido el teórico, con la aplicación del análisis documental de normas legales pertenecientes a varios países, informes de la Organización para la Cooperación y el Desarrollo Económicos, los documentos programáticos de Cuba y la revisión de publicaciones científicas.

**Resultado:** Se constató la importancia y pertinencia de la empresa pública o estatal, así como la necesidad de instaurar una relación Estado-empresa de forma armoniosa, ordenada y recíproca.

**Conclusiones:** Estas empresas se concentran en sectores estratégicos y de alto impacto para la sociedad; es la entidad que gestiona la propiedad del Estado en beneficio de la satisfacción pública; ocupan una posición destacada en sectores de servicios básicos, infraestructura o en sectores estratégicos y para la defensa nacional.

**Palabras clave:** empresa pública o estatal, pertinencia de la empresa pública, políticas públicas, relación empresa-Estado.

Received: 02/12/2021

Approved: 05/26/2021

## INTRODUCTION

Internationally, studies of the pertinence of socialist state-owned companies have been highly significant to scholars, researchers, scientists, and governments. Pertinence of public companies is understood as the convenience of its existence and results to accomplish the goals set by the states to meet the social needs and/or development priorities of societies.

It has also been recognized that the privatization of state-owned companies is one of the most generalized public policies in recent years in the national economies (Cedillo, 2007; Cos, 2014; Vergés, 2014) which are considered less efficient, productive, and competitive than private companies. There are several arguments about this topic, from the conceptual to the empirical. Other studies have demonstrated that the former have taken an outstanding position in society, considering the roles they play and the weight they have in the economic development of countries (Organization for Economic Cooperation and Development [OCDE], 2011). The international practice demonstrates the pertinence of public companies based on their own existence, as an entity that manages property for the satisfaction of public needs.

Bellini and Rougier (2008), at the Economic Commission for Latin America (CEPAL) have defined public companies as the type of organization that combines the different factors of production; that is, it performs business activity to generate goods or services, whose assets and/or administration are run by the state. These goods and services are sold in the market at significant prices, which means that they cover a good portion of the costs.

In Cuba, the term public company is not used for that type of economic entity, but state-owned company, and the debate –stemming from the process of adjustment of the

Cuban economic model and the implementation of the guidelines approved in the VII Congress of the Communist Party of Cuba– is focused on the efficiency and efficacy that must be achieved in managing state-owned entities (Communist Party of Cuba [PCC], 2017).

In the main report of the recently closed VIII Congress of PCC, Army General, Raul Castro Ruz pointed out: “The state business system has to cope with the challenges of demonstrating and strengthening its position in practice, as the prevailing form of management in the economy” (Castro, 2021, p. 6)<sup>1</sup>.

The growth of the Cuban economy in the last five years has been characterized by the presence of new obstacles and difficulties, marked by the influence of external factors with an impact higher than the one recorded in past years. The aggression from the United States has become the main obstacle to development, with negative effects mounting approximately to USD \$138 000 000 843 at current prices (Rodríguez, 2020). Particularly, the Cuban sector of manufactured goods (except sugar) dropped within the gross national product (GDP), from 13.2% to 11.7% (National Office of Statistics and Information [ONEI], 2019).

Moreover, the business system underwent shortcomings, such as an unmet national demand, issues in the development of export operations, and a weak insertion of companies in the main national value chains. The current challenge lies in enhancing productivity and efficiency in the state business sector, in the areas that determine the performance of the country.

The issue of the industrial policy as a public policy is also internationally controversial; it goes from recognizing that the best industrial policy is the one that does not exist, to the understanding that its design, implementation, and running are essential as a result of the relative drop of industry values in the GDP, just like in the 1995-2017 period, with the inclusion of 50 countries and world economic areas, according to studies of the World Bank (Sebastian, 2019).

Lavarello and Sarabia (2015) defined that the industrial policy comprises a set of actions and instruments that aim to influence national productivity, based on the selective support to certain activities or sectors.

The implementation of the guidelines approved in the VI and VII congresses of PCC led to the approval of public policies; for instance, in 2020, the Council of Ministers approved the industrial development policy, as well as activities run by the Ministry of Industry. It is a guide to transform and develop the industrial system, by defining the principles of general policies (also called transversal), and the priorities of development (vertical principles), to be implemented by business actors from the metal-mechanic, chemical, electronic, light, steel, and recycling industries.

Cuban president, Miguel Diaz Canel, in the Council of Ministers meeting on October 31<sup>st</sup>, 2020, pointed out that the industry has been asked to be ready for an assessment of what can be produced in Cuba to meet the national needs, and highlighted the importance of the newly approved industrial policy that confers a true role of this sector in the conditions the economy is being adjusted (Martinez and Puig, 2020). Hence, the expectations of industrial development included in the programmatic documents of the state will be met if the system of business, industrial, and state entities become industrially developed, which is defined by the policy being adopted by the Ministry of Industries.

This paper aims to provide a theoretical and practical rationale for the pertinence of public or state companies. The content shows the result of the research process, with a predominance of the theoretical method. A broad documentary review permitted the systematization of scientific information about public or state companies, by consulting the legislation of several countries, including a report of the Organization for Economic Cooperation and Development (OCDE)<sup>2</sup>, the programmatic documents of Cuba, and a review of the literature.

## **DEVELOPMENT**

### **The public or state companies: importance, pertinence, and main features**

The study and analysis of the role of state or public companies in the performance of countries is a widely discussed topic internationally. According to Soto (2015) deregulation and privatization imposed a quasi-official version that labeled public

companies as inefficient industries that had to be replaced by the private companies, in an attempt to minimize and/or deny the pertinence of the public sector.

In that sense, Cuevas (2017), in a study about the development of the state companies noted that it was time to remove ideological barriers when reviewing these entities, always looking to create and justify serious and somewhat recognizable conceptual bases, because public companies will always exist. The important aspect is that they can be within the legal boundaries foreseen in every national legislation in place, which can ensure the efficient and effective service of these organizations to the public interest.

After decades of privatizations and implementation of neoliberal approaches in managing the economy of nations, public or state companies continue to exist and contribute to the GDP, in both developed and developing countries. This fact refers to the pertinence of these entities (Florio, 2014).

Pertinence is opportunity, adaptation, and convenience of something. It is something that suits, which is relevant, appropriate or congruent to what is expected. (Meanings, 2021).

Arias, Cortéand Luna (2017) defined that pertinence is the quality of pertinent. As an adjective, it refers to what belongs or corresponds to something; that is, pertinence is always associated with something. Some synonyms of pertinence are proper, congruence, convenience, correspondence. It means that something is acquired by adjusting under a given context, in this case, a socioeconomic setting. It is characterized by being active, so it depends on contexts and moments, which is important to consider when applied to a company as a socioeconomic entity immersed in a system of relations that set conditions to its existence and usefulness. Besides, it is dynamic because it evolves permanently, and changes depending on the setting and the population (Arias, Cortés, and Luna, 2017).

Accordingly, the pertinence of public companies is explained by its main function of contributing to the public wellbeing by meeting the social and economic development goals set by the state for the benefit of society and the nation.

This study coincides with the findings of Florio (2014), in that anyone who says that privatization is always and, in every part, necessary to increase the efficiency of a country because the public companies are held accountable for losses and disrupt markets, is not using the facts. At least at the aggregate or global level; that is, not focusing on specific case studies of poorly managed companies, which are many, naturally, both public and private. A healthy financial situation is probably a necessary, but not sufficient condition to justify the existence of public companies; they exist because their role is associated with a public mission that is not run by the market mechanism (Florio, 2014). Varghese (2018) noted:

The companies of the public sector play an important role in the economic and social development of a nation. They help the nation offer opportunities to achieve self-efficiency in manufacturing and technological progress. The public sector is expected to be the main agent of quick economic and social transformation through the development of infrastructure and the main sector, and the agent that closes the breaches of the industrial sector. Economic growth through public companies will be properly learned with social justice [...] the public companies play an important and critical role in developing countries, to create capital, full utilization of natural resources, and more equitable redistribution of income, and the expansion of the wealth created by the GDP (p. 3)

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In the context of developed economies, such as the European Union, the pertinence of these companies is also demonstrated.

According to the *European Commission Directorate-General for Economic and Financial Affairs*, profit companies can deny their service to particularly vulnerable consumers, or consumers in remote areas. Therefore, governments have intervened directly based on reasons associated with equality, by providing a minimum level of access to services considered essential and basic (Buti & Lecea de, 2016).

One important element is that state-owned companies can combine commercial and non-commercial objectives. Governments have established and maintained state-owned companies due to economic and even historical reasons. In some industries the conditions require a single supplier (natural monopoly), the European governments have often opted for direct control of service suppliers. State companies have also been started to develop strategic but risky, or long-term investment with no previous investment by the private sector, such as aerospace projects or national defense projects.

Moreover, governments have operated companies in key providing sectors for the rest of the economy, making good use of the externalities of state-owned companies to benefit other industries or meet social objectives. This is, for example, the case of state companies that offer subsidized or non-profit services, or public transportation companies, including train and plane services.

The previous elements show that the pertinence of public companies is understood as the convenience of its existence and results to accomplish the goals set by the states to meet the social needs and/or development priorities of societies as a whole.

Likewise, it is interesting to investigate the features of these companies that help operate them efficiently. Now, it will be dealt with from the perspectives of several countries.

In Ecuador, the Constitution recognizes that public companies are entities that belong to the state; they are legal entities with their own assets, have budget, financial, economic, administrative, and managing autonomy. They are established in strategic sectors with a national or international scope, public services, sustainable use of natural resources of public property, and, in general, to the development of economic activities that correspond to the state (Constituting Assembly of Ecuador, 2008).

In Bolivia, the Public Company Law (Ministry of Development Planning of Bolivia, 2013) is a necessary and an important legal support for their administration. It recognizes these companies as legal entities in which the state participates, constituting the engine of economic architecture, which takes place in a public-private setting that complies with the forms and conditions of the law.

It is in charge of producing goods and/or services. The generic denomination is associated with their strategic and/or social character; it may adopt the form of state company, state joint venture, joint venture, and inter government state company.

Particularly, a company with a social character is one that performs activities with the purpose of meeting social objectives for the benefit of the Bolivian population, whereas the strategic public company is the one that performs business activities in strategic areas or sectors, whose aim is to generate profit. They are settled to provide an efficient, effective, and transparent contribution to the social and economic development of the country, changing the productive matrix, and strengthening the economic sovereignty and independence of the state.

These companies generate surplus and social profit; contribute to growth, create jobs, and cover unmet demands; they articulate with the other entities (any form of property) that perform within the system of production relations that exist in the Bolivian economic context; participate in joint businesses with local autonomous entities, contributing to the articulation and complementarity with the central state level. They assume a relevant role in the change of the primary exporting pattern.

In Chile, state companies are created by law in cases that they are not settled under a limited capital form and are established as companies, where the state, through taxes or the Corporation to Promote Production, or other institutions, participates with a capital

equivalent to the totality of actions or rights of the company (General Office of the Presidency of Chile, 2008).

There are also companies with full state participation, known as controlling participation, mainly based on the condition that the state owns at least 50% of all the company shares or rights. The opposite is known as companies with minority shareholding by the state.

These companies are registered in the Special Record of Reporting Entities, which are subject to the same financial and accounting reporting rules as the non-state companies; to the supervision of their respective state bodies, and all the complementary rules related to profit, specific tax system, public credit, budget, sales of assets, and investment, as well as other provisions established in the national legislation. They create information systems to identify the allocated costs and sales to meet their public purposes, and identify every operation.

No company will be compelled to provide services to anybody or authority of the state administration or any other company without duly economic compensation; equal conditions must be observed, as the ones generally existing in the market. They design an annual record containing income or payment received by executives throughout their practice, including managing expenses.

The Guidelines of Corporate Government of Public Companies of OCDE acknowledge the existence of public companies as a dominating characteristic of the economy, accounting for a substantial part of the GDP, employment, and market capitalization. They often have an outstanding position in basic service sectors or infrastructure, such as energy, transportation, and telecommunications, whose operation is very important for large segments of the population and other parts of the private sector (OCDE, 2011). It refers to public companies as those in which the state has significant control through full, majority or minority shareholding; They can be owned by the central and federal governments, and foster the ownership of lower levels of the state.

They have a legal personality, so they are independent from public administration, can assume the form of a company or not; they perform commercial activity; may be part or

not of competitive sectors of the economy; and may or may not be listed on the stock exchange.

It works in the same way as in several countries, they are integrated by subsidiaries and a defined proprietor entity; it is an entity responsible for implementing the rights of state property, either as a specific department of a ministry or as an autonomous body, or else.

It acknowledges that these companies may suffer as a result of unduly intervention or a totally passive or distant position by the state, thus producing a dilution of responsibility. They are protected from two major threats: takeover and bankruptcy.

One important challenge to public companies entails transformation and modernization, in keeping with the development of society and technologies. In that sense, Xi Jinping noted that in China, during the last 35 years, state companies have become an important force to promote the modernization of the country, ensure the common interests of the people, and the solution of problems. Through the years, though, these companies accumulate old problems that call for the need of a major boost, approve a set of measures that contribute to efficiency, system modernization, and greater social responsibility.

In Cuba, the Constitution of the Republic defines that the socialist state company is the main subject of the national economy, with administration and management autonomy. It performs the main role in the production of goods and services, and it fulfills its social responsibilities; it relies on the socialist ownership of assets that belong to the people, under the corresponding rights, in compliance with the law (National Assembly of the People's Power, 2019).

Moreover, the conceptualization of the Cuban economic model specifies the association between company and property, defining that the socialist ownership by the people belongs to the Cuban citizens for their conditions of common owners, which is integrated by the business system that belongs to all the people and the budgeted entities, and that the state acts as a representative, for the benefit of the owner, adopting major and strategic decisions (PCC, 2017).

The state companies must use income to cover costs, generate profit, and meet their social responsibilities; they are legal entities with rights, duties and obligations. The autonomy they have facilitates their capacity of management and promptness for timely adoption of decisions, they determine the way of using the reserves created for development, and incentives to workers. According to Tristá, Acevedo, and Gomez (2020), knowing the role of the company in the construction of a better and more sustainable society is critical, since it is also in charge of satisfying customer needs.

The previous has helped confirm the existence of systematized knowledge that corroborates the occurrence of convergence in relation to the features and pertinence of public or state companies in any socioeconomic context, such as,

- The pertinence of public or state companies is given, first, because it is the entity that manages the property of the state, which provides products and services for the benefit of the general public.
- In business activities, it is necessary to be efficient, which can be achieved through several ways, trying to keep these entities from becoming a burden for the state, or that does not have resources which proven quality activity.
- State companies have a legal personality, and are the engine of the economic architecture, accounting for a substantial part of the GDP. By nature, they are self-funded, and contribute with funds to the state, as the owner and tax authority.
- They are an important force in the promotion of modernization and transformation of the production matrix, insurance of the common interests of the population, and the reinforcement of the economic independence and sovereignty of the state.
- The generic denomination of public company is diverse; in any common alternative, the state exerts significant control through full or shared ownership of assets.
- These companies may suffer as a result of unduly intervention or a totally passive or distant position by the state.
- As for the private sector, these companies must fulfil every regulation in terms of profit generation, taxes, public credit, budget, sale of assets, etc.; however, they are protected from the threat of bankruptcy.

- In most countries, they are associated with the strategic sectors of basic services and infrastructure, their activity is governed by the legislation known as the Law of Company, which is the foundation of management legislation.
- The systemic conception developed between the public companies and the surrounding setting is common, particularly the company-state relation, which is materialized by the creation of business organizations with similar conceptions to the Higher Organizations of Business Management (OSDE, in Spanish) in Cuba, the existence of a proprietor that acts on behalf of the representative of state or public property, and the state administration of the public business system by implementing public policies.

### **Company-state relation**

The acceptance that companies are open systems conditions the need to evaluate the dimensions of the company as part of a greater system.

In the theory and practice of management, the topic of company-state relation is recurrent. The approaches are divergent and move from considering and classifying state engagement as harmful to development, stemming from the concept that state administration is part of the problem, not the solution, as opposed to other completely different approaches.

An analysis conducted by *The Economist* (The Third Industrial Revolution, 2012) aligned with the concept that governments must limit to the basics, such as funding education and research, and leave the rest to private companies.

Contrary to that image, and according to Mazzucato (2016), there is the philosophy that the state acts as a force of innovation and change, not only by taking the risk from private actors, but also by leading the way boldly. The state cannot and will not yield easily before stakeholders who seek subsidies, income, and unnecessary privileges, like tax cuts. The state must join the stakeholders that work dynamically in concert to obtain recognition and access to technological change. In that sense, Elvis and Hovisi (Shava & Costa, 2017) claimed that governments from the whole world should foster partnerships and create a favorable setting for companies to make use of the opportunities created by the Fourth Industrial Revolution.

Jinping (2014) pointed that it is important to address the government-market relation, reducing the engagement of the government in the direct allocation of resources, intervening in micro-economic activities, and relieving the government from activities that belong to the market. Additionally, he stated that to deploy the advantages of the socialist market economy, the role of the government must be transformed efficaciously. Viviana Caro Hinojosa claimed that the engagement of the state in the economy is one of the characteristics of the Bolivian economic system, which is responsible of creating state companies by investing in strategic and productive sectors; the state runs them and controls them as the entity in charge of integrated planning of development (Plurinational Legislative Assembly of Bolivia, 2013).

In Bolivia, the plurinational state led by Evo Morales created the Higher Strategic Council of Public Companies as the maximum entity that makes general policies, strategies, and guidelines for management; the Technical Office for the Strengthening of Public Companies, an entity that contributes to technical reinforcement of companies, with defined responsibilities as the state body that ensures success of these companies. Another new entity was the Corporation, a form of business organization that pools several public companies, which aims to attain common objectives, and is run by a home company that implements management and control of the subsidiaries and branches.

In Ecuador, the state determines the procedures for the creation of companies; it establishes the means to guarantee the fulfillment of the newly set goals in the nation's policies. It regulates the economic, financial, administrative, and managing autonomy; it promotes integrated, sustainable, and decentralized and deconcentrated development to meet the basic demands of the population; it stimulates rational use of the natural resources, reactivation and development of the production apparatus, and efficient public services based on social equality.

It also calls on companies to consider costs and production processes, socio-environmental and technological update variables; to act in compliance with the parameters of quality; to protect equities, public state property, and the rights of the future generations; to create the legal frame in order to promote support, subsidies, or

other temporary advantages; to establish mechanisms so that companies perform in regulated sectors open for competition, or not, with other agents or economic operators; to evaluate the operational, administrative, and financial efficacy by demanding from companies continuous sectoral and international parameters of their management indexes.

The Directory of Companies is a body with no business activity, which is directed by the minister of the sector, mayor, or governor accordingly, and it is composed of the minister of the national planning board or permanent deputy, a member appointed by the president of the republic, citizens, civil society, production sector, etc. (National Institute of Public Hiring, 2009). The purpose of the Directory is to articulate and plan actions of public companies created at the same government level, in order to achieve higher levels of efficiency in technical, financial, and financial management.

In the Dominican Republic, in contrast to other countries, the Organic Law of the Republic defines that public companies are adjoint to the corresponding sectors by designation of the president of the republic, who establishes the companies with public policies. The law mandates that in the stock structure and control of public companies the state can participate, and it defines that the external relations of public companies to the administration of the state can be materialized through e-government (National Congress of the Dominican Republic, 2012).

In Chile, the constitutional mandate defines the state as the intervener of areas of the economy in which there is a high national need, where the private sector is unable or fail to intervene; it has a legal framework that regulates the work of state companies uniformly and coherently in the corresponding matters, which prevents wrong incentives to cover losses or negative economic results of inefficient companies.

The purpose is to build healthy public companies, which can be competitive and transparent, and can ensure a clear division between the ownership functions and the regulations of the state. It is regulated by the law and way in which the bodies and institutions of the state control the business of state companies and others with state participation (Chamber of Deputies, Chile, 2017).

It is the state responsibility to create the System of Public Companies, a public service with legal representation and equity, under the surveillance of the president of the republic, through the Ministry of Economy, Development, and Tourism, which acts as a representative of the head of state; it sees that every public company minimizes costs and maximizes profits, while meeting their corresponding goals or public aims efficiently and effectively. It also establishes the Higher Council of Public Companies (CSEP, in Spanish), a body entitled to act as a representative of the state's rights in the company; it has the power of tax representation, as part of the Corporation for Production Development, and/or other bodies of the state in relation to the corresponding actions and rights as a stockholder or partner of state companies and companies with social participation (Ministry of Economy, Development, and Tourism, 2017).

The CSEP creates an audit and risk committee to monitor and control activities and tasks that correspond to the Council, and it determines company executive remunerations annually. In turn, the Ministry of Economy approves the public policies related to sharing profits or dividends, as well as the annual budget of the company.

The property of these companies is run by the government through a responsible state entity known as the coordinating or proprietor entity that maintains relations with the public bodies and the state's controlling institutions. It does not interfere with the prerogatives of the parliament, and reports on their performance in public property and the satisfaction of the state's objectives.

In Cuba, like in the previously mentioned countries, the conception of a state company as part of the system is materialized in the Constitution of the Republic, which defines that they are created and arranged by the state, who, in turn, is not held accountable for the obligations assumed by companies, or these by the obligations of the state. In the conceptualization of the Cuban economic model (PCC, 2017), it is defined that the state decides the goods and services that will be produced by these companies to meet the social interest; additionally, the legal system regulates the principles on which these companies are arranged and operated.

The National Assembly of the People's Power must access and evaluate the reports and analysis of state business systems, which due to their magnitude and social and economic extent, are pertinent.

The conceptualization of the Cuban Economic and Social model states that in the adjusted model there will be a system of entities with a business character that integrates all the forms of property adopted by the law.

Decree 335 issued by the Council of Ministers rules that the Cuban state business system is integrated by Higher Organizations of Business Management (OSDE), companies, and Basic, Business Units (UEB). OSDE emerged due to need of the government at different instances, or to support the division of state functions from company functions. OSDEs are integrated by companies with legal representation and assets; they cover their costs with the contribution of the entities that form it, and OSDEs benefits them, in turn. OSDEs are liable for obligations derived from their financial resources, and do not assume the obligations of the entities that form it (Council of Ministers of the Republic of Cuba, 2017). The relations with the Council of ministers were defined by Decree No. 336, 2017.

Summarizing, the bibliography studied, particularly the analysis of the experiences of several countries shows the critical need of materializing the company-state relation harmoniously, orderly, and reciprocally to achieve the aims of the process of creation and operation of public companies.

This relation can be organized, mainly, through professional entities with that purpose; the implementation of public policies, and the existence of a set of legal rules that supports it. The end is to enable compliance, on one hand, with the principle of division of property functions, and management; and on the other, the division of state property and state regulation.

## **CONCLUSIONS**

This study demonstrated the international trend in relation to public companies, which are concentrated in strategic sectors with a high impact on society, such as railroads,

public transportation, electricity, mining, and others. In the Cuban case, these companies are present in all sectors.

Internationally, there is a consensus on the importance of the public or state companies, which is mainly expressed as companies that manage state property for the benefit of public needs; they often hold an outstanding position in the sector of basic services, infrastructure, or strategic sectors, including the national defense. They play an important role in meeting the main interests of the population, and strengthening the economic independence and sovereignty of the state.

The company-state relation can be materialized through professional organizational entities, the implementation of public policies, and legal standards. All, must facilitate the compliance, with the principle of division of property functions, and management, on one hand; and on the other, the division of state property and state regulation.

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#### **Conflict of interest and conflict of ethics statement**

Angela Palacios Hidalgo, as the correspondence author, I declare the originality of this manuscript, and a certify that it has not been submitted to another journal. On behalf of the authors, I declare that we are responsible for the content published in this paper, and guarantee the existence of no plagiarism, or interest or ethical conflicts, thereby relieving the journal of any ethical or legal liability.

#### **Authorship statement**

Grisel Tristá Arbesú. Conceptualization, data curation, formal analysis, research, visualization, methodology, project administration, redaction of the original manuscript, validation, redaction, proofreading and editing.

Ángela Palacios Hidalgo. Conceptualization, data curation, formal data analysis, redaction of the original manuscript, visualization, research, supervision, redaction, proofreading and editing.

#### **NOTES**

<sup>1</sup>This article was received on February 12<sup>th</sup>; however, an event reported in April because during the editing process the authors requested authorization to include this reference.

<sup>2</sup>The Organization for the Economic Cooperation and Development, is an inter-government organization that gathers 34 countries committed to market economies and democratic political systems, which comprise 80% of the world's GDP. It is one of the largest and most reliable international sources in the area of statistics and economic and social information.