Political Economy of State-Owned Enterprises in Poland

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Huge levels of state ownership in the Polish economy negatively affect its productivity and growth prospects. Although the employment share of state-owned enterprises (SOEs) in total employment of the Polish economy might seem limited (about 5%), their share among the largest, most important companies is much more significant.

The role of SOEs should be a source of concern, as both the simple comparison of basic indicators and research reviews indicate that SOEs are less productive than their private counterparts. The reluctance of both the current and previous Polish governments to privatize SOEs means that they will continue to play an important role in the economy.

OVERALL SIZE OF SOEs IN POLAND

Public corporations – despite their impact on competitiveness in the economy – are usually overlooked by traditional measures of the size of government. Measures such as government expenditures to GDP or public consumption concentrate on governmental units providing non-market services and transfers, but fail to consider market actors controlled by the government.

The best way to grasp the size of SOEs would be to look at the value created by public corporations. Unfortunately, although the European System of Accounts (ESA 2010) distinguishes between public and private corporations [See Table 1], separate data for them are not reported in national accounts. What is reported by the Polish Statistical Office (GUS), however, is the structure of enterprise sector, divided into public (majority owned) and private companies (including those minority-owned by the government), but without distinction between market and non-market output.

In a majority of cases it is not a problem, as government-controlled non-market producers (schools, hospitals, administration, police, or military) are not organized as enterprises and, thus, are not reported as public companies. Still, some parts of the general government are incorporated (like PLK, the Polish Railway Company) and are reported in general government statistics and in corporation statistics. Thus, one cannot simply sum the employment in general government sector and SOE, as some of them are already included in general government statistics. Nevertheless, such cases are limited, and for the purpose of this article one can assume that employment in enterprises controlled by government is a rough proxy of public corporations [See Table 1].

Enterprise sector statistics reported by GUS do not provide data on value added. The closest proxy available is the number of people employed in enterprises of dif-

Table 1: Criteria used to distinguish between public and private sector

Criteria	Controlled by goverment (public sector)	Privately controlled (private sector)
Non-market output	General goverment	NPISH
Market output	Public corporations	Private corporations

Source: European system of accounts ESA 2010, Eurostat

IN 2014, AT LEAST 816,000 PEOPLE (5.6% OF THE WORKFORCE) IN POLAND WERE EMPLOYED IN SOEs

ferent classes. Thus, it is the number of people employed in an SOE, which can be regarded as a rough measure of the role they play in the economy. Data in GUS for SOEs alone are available since 2014. Unfortunately, 2014 is the last year for which data are available from the Ministry of Treasury (MoT) that provides reports on minority-owned companies, which are not covered by GUS. Considering that no serious privatization attempts have been made since 2014, this data can be used as a rough proxy for current employment in SOEs.

In 2014, at least 816,000 people (5.6% of the workforce) in Poland were employed in SOEs. This estimate is based on data from GUS and MoT. The statistical office reports employment in majority-owned non-financial SOEs employing more than nine people (630,000 employed); furthermore, another 46,000 people were employed at SOE financial companies[1]. Aggregate data for minority-owned companies are available only for companies under control of the former MoT; in 2014, 140,000 people were so employed. The total figure of 816,000 people should be regarded as a lower-bound estimate, as they do not take into account companies with fewer than nine employees, and minority-owned companies by the local government.

ROLE OF SOEs IN THE POLISH ECONOMY

Relating employment in SOEs (~800,000 people) to total employment in the Polish economy (~16,300 people) would significantly underestimate their significance. In order to properly evaluate the role played

THUS, PEOPLE WORKING IN AGRICULTURE SHOULD NOT BE COMPARED TO THOSE IN SOEs, AS BOTH GROUPS ARE AFFECTED PRIMARILY BY POLICY DECISIONS, NOT BY MARKET FORCES

[1] Of which 16,000 worked for PZU (the largest insurance company in Poland and minority-owned by the government), 29,000 for PKOBP (the largest commercial bank and also minority-owned by the government), and 1,300 for BGK (the Polish development bank that is 100% state owned).

Table 2. Overview of Polish labor market (working persons in millions as of Q1 2017)

	Total	Public sector	Private sector	
			Companies employing 10+ people	Self-employed and micro companies
Total	**16.3**	**3.8**	**5.0-5.3**	**5.3-5.5**
Agriculture	1.7	0	0.0-0.1	1.6-1.7
Non-market services *(education, health care, public administration, defense and compulsory social security, arts, entertainment, and other activities)*	3.5	3*	0.0-0.1	0.3-0.4
Business economy	11.1	0.8	5.0-5.1	5.2-5.3

**Share of public-sector employment in administration and cultural activities based on proportion from 2014.*

by SOEs, the structure and characteristics of the Polish economy and labor market should be taken into account.

First, differences in the definition of "working person" should be taken into account. The overall figure of working persons (16.3 million) is an estimate from the Labor Force Survey (LFS) conducted by GUS, which covers 30,000 households quarterly. The estimated number of working people based on this survey is usually higher than the number calculated from company reports (in 2015, the difference was around 900,000 people for the economy). Several reasons explain the anomaly, but two deserve attention. The LFS uses a broad definition of work – it is enough to work for one hour during the week before the survey to count as working. Furthermore, LFS does not distinguish between registered and unregistered work; people working in the shadow economy are counted as working. Obviously, unregistered workers are not covered by statistics based on corporate reports.

Second, it is important to distinguish between agriculture, non-market services, and the business economy, which can be further divided into corporations and self-employed [See Table 2].

Almost all working people in agriculture work in the private sector [See Table 2], but due to numerous government interventions, efficiency is particularly low.

In 2016, the value added per person working in agriculture was five times lower than in other sectors of the Polish economy, while the share of people working in agriculture remains among the highest in the region [See Figure 1]. Low average productivity in agriculture masks enormous variations of scale, with efficient farms on the one hand and numerous, unproductive, micro-farms on the other. Such misallocation of resources (both workers and land) is a result of regulation (bans on land sale) and huge subsidies and tax preferences going to inefficient farms from taxpayers' pocket (more PLN 40 billion annually, about EUR 10 billion). Thus, people working in agriculture should not be

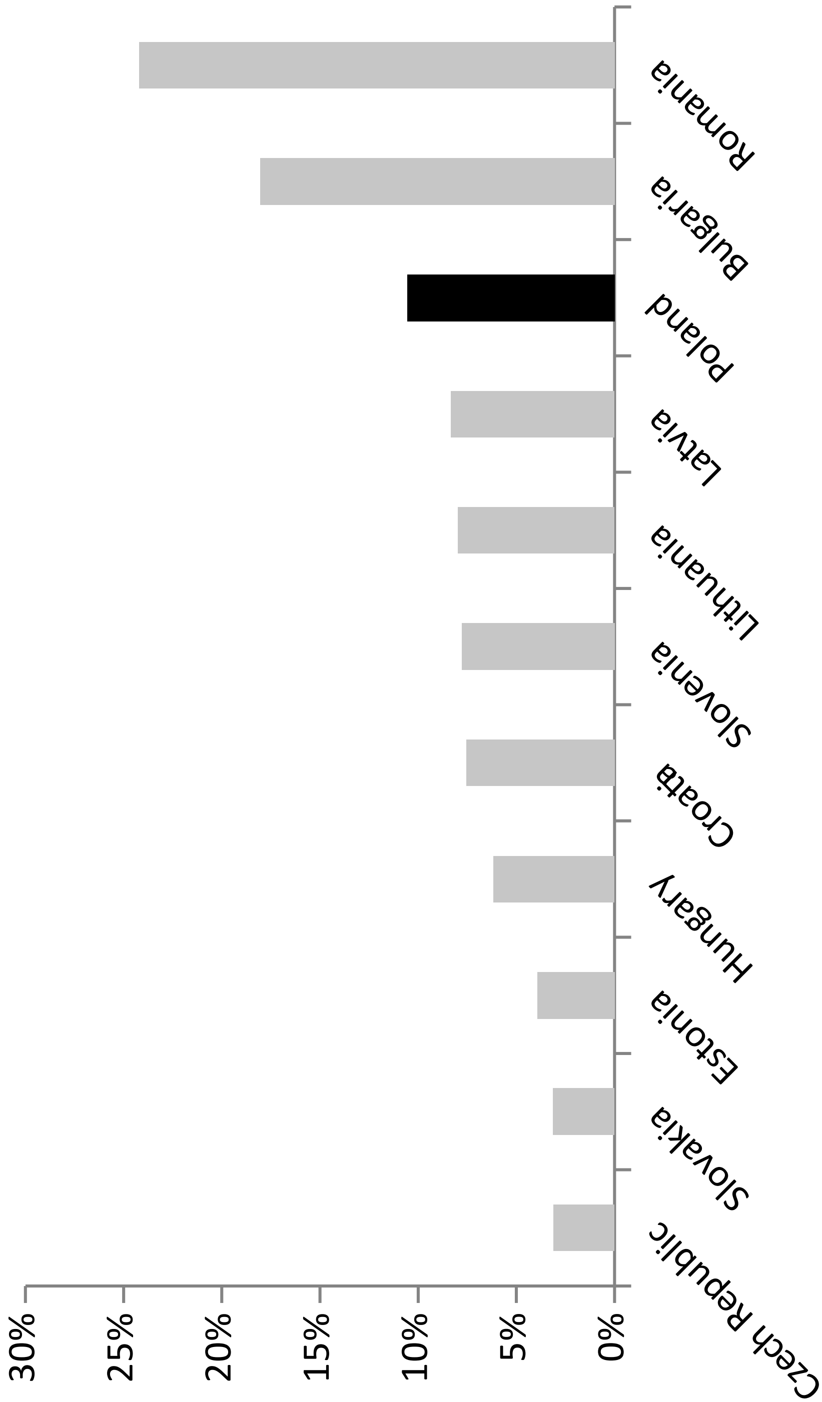


Figure 1: Share of agriculture in total employment (2016)

Source: Eurostat

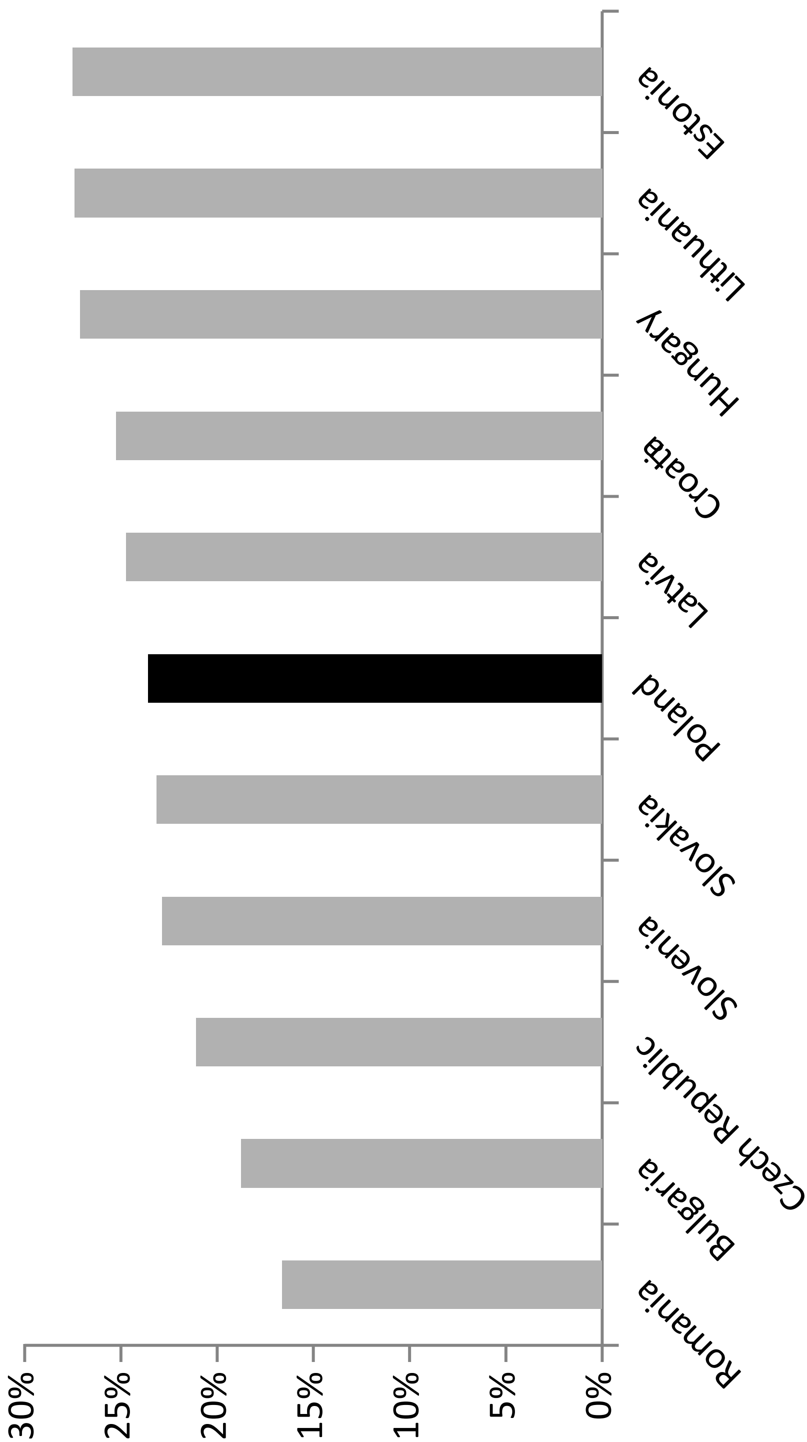
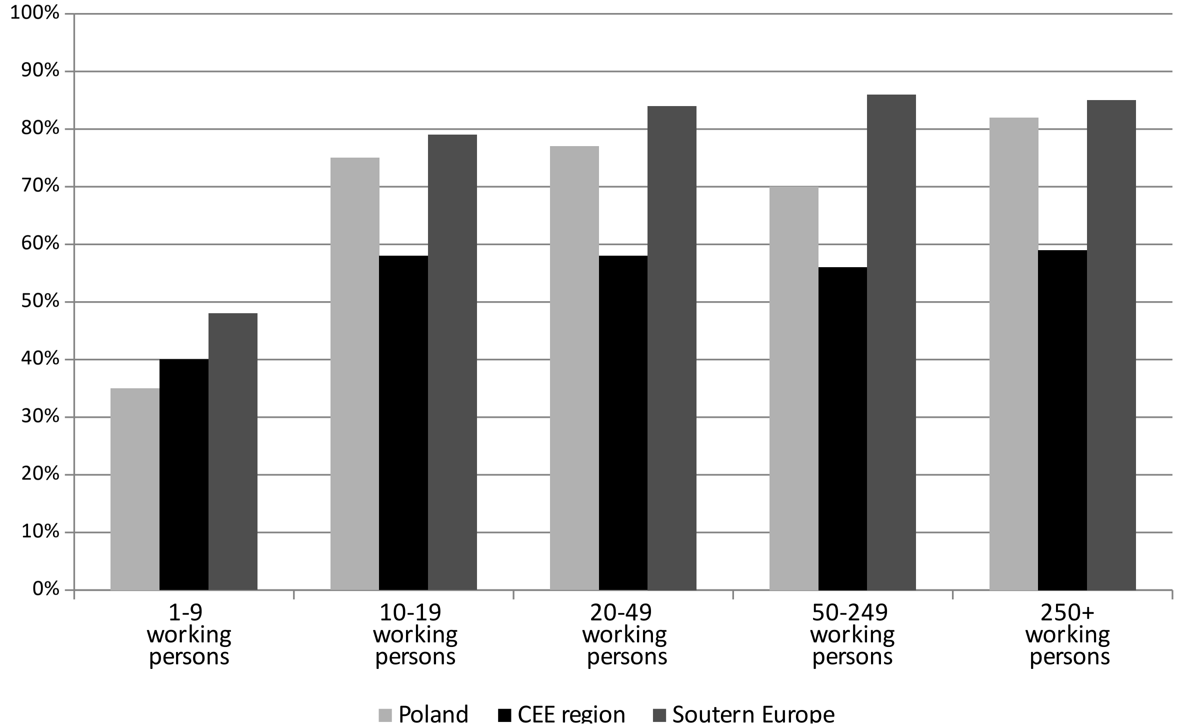


Figure 2: Share of non-market services (education, public administration, health care, arts, entertainment, and recreation activities) in total employment (2016)

Source: Eurostat

Figure 3: Labor productivity by company size as a percentage of EU-10, 2009-2014 average



Productivity is measured as value added (EUR 2010 PPP) per working person.

CEE region encompasses: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, Slovenia, and Romania.

Southern Europe encompasses: Italy, Greece, Spain, and Portugal.

EU-10 encompasses: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, the Netherlands, Sweden, and the United Kingdom.

Source: FOR, own calculations based on OECD data, value added calculated from national currencies based on Eurostat exchange rates, prices, and PPPs.

compared to those in SOEs, as both groups are affected primarily by policy decisions, not by market forces.

According to the OECD, the definition of non-market services covers services provided to the community free of charge or to individual consumers either free of charge or at a fees well below 50% of production costs. In terms of the NACE classification, education, public administration, health care, arts, entertainment, and recreation activities are usually regarded as non-market services[2]. In each part of non-market services, despite the organizational differences (public administration and education are provided by public entities; health care is partly provided by private entities but publicly funded; arts, entertainment, and recreation are mainly provided by public entities), the scope of market competition is very limited. It makes productivity measurement problematic (prices are an outcome of political bargaining, not market processes); thus, comparison of this sector with the rest of economy is challenging. It is worth noting, however, that the size of non-market services in Poland is average compared to its regional peers [See Figures 1, 2, and 3].

The business economy is the largest part of the Polish economy and in principle should be driven by market forces, but large problems with misallocation are visible. The business economy in Poland has a dual character, company size serving as the dividing line. The difference between micro-companies and companies employing 10 or more people is best visible when comparing their productivity with Western counterparts. Polish micro-companies are still much less productive than Western one, while larger companies have gradually closed the productivity gap [See Figure 3].

It should be noted that the label of micro-companies is a simplification, as this group encompass micro-companies, the self-employed, and the shadow economy. Those categories are not strictly divisive, as some self-employed also employ workers and micro-companies partially hide in the shadow economy. Although overall productivity of the micro-companies is small, some highly paid specialists register themselves as companies for tax purposes (the marginal tax rate for employed person is around 40%, while for the self-employed it is 19%).

Only around 6 million people work in the business economy of Poland in companies employing 10 people or more. Those companies constitute the backbone of the Polish economy and represent its most productive part, but employ less than half of the workforce. The share of employment in the corporate sector in Poland is among the lowest in the region and in the EU.

Changing the denominator from general employment to employment in larger companies in the corporate sector raises the share of SOEs from 5% (employment in SOEs as a percentage of workforce) to more than 15% (employment in SOEs as a percentage of employment in larger companies).

MAJOR SOEs CONTROLLED BY THE CENTRAL GOVERNMENT

The role that SOEs play in the Polish economy is even larger than it would stem from their share in employment in the business economy, as state ownership is concentrated in the biggest com-

[2] It is a simplification, as commercial activity takes place in each of the listed sectors, but it is of such a limited size that the sectors concerned are labeled non-market services. No more detailed data is readily available, as under the 1993 System of National Accounts (SNA) ,market and non-market services are not separately reported if they are involved in the same International Standard Industry Classification (ISIC) activity.

panies. Of 50 biggest companies in Poland in 2016, 18 are now controlled by the government. It also controls 12 of the WIG-20 companies (Warsaw Stock Exchange index of the biggest companies) [See Table 3], either directly or through other SOEs. It should also be noted that SOEs control investment and pension funds that have shares in other SOEs [See Table 3 and 4].

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THE BUSINESS ECONOMY IS THE LARGEST PART OF THE POLISH ECONOMY AND IN PRINCIPLE SHOULD BE DRIVEN BY MARKET FORCES, BUT LARGE PROBLEMS WITH MISALLOCATION ARE VISIBLE

POLICY ISSUES WITH SOEs

The extent of state control among the biggest companies in Poland creates serious policy issues. Rough comparisons of basic financial indicators [See Table 3] indicate that SOEs are less efficient than their private counterparts, irrespective of company size. Both revenue and gross financial result per person employed are visibly higher in the private sector in spite of larger capital outlays in SOEs. Worse results despite higher investment might be sector-specific (many SOEs are concentrated in capital-intensive sectors, like energy) or due to a low efficiency of investment. Although SOEs have a higher gross turnover profitability rate than private companies, this could be, again, due to sector specifics or monopolistic power enjoyed by them. Anecdotal evidence and the list of sectors with particularly high state ownership (mining, energy, and railways) point to monopolistic power enjoyed by them. The European Commission, in its country report[3], also notices a low return on equity (ROE) of Polish SOEs.

The intuition of the lower efficiency of SOEs in comparison to their private counterparts is confirmed in numerous studies. A useful review of the literature on SOEs can be

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[3] European Commission (2017), COMMISSION STAFF WORKING DOCUMENT
Country Report Poland 2017
https://ec.europa.eu/info/publications/2017-european-semester-country-reports_en

Table 3. WIG-20 companies

Company	Capitalization (4 VII 2017) billion EUR	Book value billion EUR	Sector	% Share owned by govern-ment/SOE	% Share owned by investment/ pension funds controlled by SOE*
PKNORLEN	11.5	6.8	Primary sectors	32%	6%
PKOBP	10.2	7.9	Finance	29%	5%
PZU	9.1	3.3	Finance	34%	2%
PGNIG	8.8	7.9	Electricity and gas	72%	2%
BZWBK	8.3	4.8	Finance	-	-
PEKAO	7.8	5.5	Finance	33%	2%
PGE	5.3	10.3	Electricity and gas	57%	6%
KGHM	5.3	3.9	Primary sectors	32%	6%
MBANK	4.6	3.2	Finance	-	-
CYFRPLSAT	3.8	2.7	Other activ-ities (Tele-com)	-	-
LPP	3.0	0.5	Other activi-ties (Retail)	-	-
LOTOS	2.3	2.2	Primary sectors	53%	8%
CCC	2.2	0.2	Other activi-ties (Retail)	-	-
JSW	2.0	1.1	Primary sectors	55%	3%
ALIOR	1.9	1.5	Finance	31%	14%
ORANGEPL	1.6	2.4	Other activ-ities (Tele-com)	-	-
TAURONPE	1.5	4.1	Electricity and gas	40%	4%
EUROCASH	1.0	0.3	Other activi-ties (Retail)	-	-
ENERGA	1.0	2.2	Electricity and gas	52%	3%
ASSECO-POL	0.9	1.3	Other activi-ties (IT)	-	-

**PZU, PKOBP, and PEKAO as major financial institutions in Poland have subsidiaries in the pension fund market and in the investment fund market. Although their purpose is to make a profit for investors, it is implausible to assume that managers working in SOEs would vote different than the representatives of government.*

Table 4. Efficiency of private and SOE companies in 2015

		Total	Number of people employed		
			10-49	50-249	250+
Revenues from total activity per person employed (thousand PLN)	SOE	415	238	296	456
	Private	619	634	531	666
Gross financial result per person employed (thousand PLN)	SOE	25	7	-3	33
	Private	31	33	27	32
Investment outlays per person employed (thousand PLN)	SOE	38	30	24	42
	Private	23	12	17	30
Gross turnover profitability rate (%)	SOE	6	2.8	-1	7.2
	Private	5	5.2	5.1	4.8

SOEs defined as companies with 50% or more shares controlled by central or local government
Source: GUS

> THE EC STUDY DEFINES A SOE AS A COMPANY IN WHICH THE GOVERNMENT CONTROLS 30% OR MORE OF ITS SHARES

found in Megginson and Netter (2001)[4] or Shirley and Walsh (2000)[5], who show their efficiency issues.

More recent studies come to similar conclusions. In particular, the European Commission in its study[6] on SOEs in new member states presents evidence of the lower ROE, labor productivity, and total-factor productivity (TFP) of SOEs (although such effects are not equally strong in all sectors). It should be noted that the EC study is particularly useful as it defines a SOE as a company in which the government controls 30% or more of its shares. Taking into account Polish experience, such a threshold captures real control much better than the usual 50%.

The huge involvement of SOEs in upstream sectors affects the efficiency of the rest of the Polish economy. Research by Bouis and Duval[7] shows that in OECD countries, less competitive upstream markets (more regulation and state ownership) negatively affect productivity. Poland, with particularly rigid markets (as measured by PMR[8] indicator) and rigidity driven by the high prevalence of public ownership, is among countries that can reap the biggest gains from privatization and liberalization. Bouis and Duval estimate that such reforms can increase Polish GDP by 15% within 10 years.

Quite often, the direct results of political interference into SOE management are also visible, which damages efficiency. Currently, the best example is the involvement of SOE energy companies into the support of coal mining companies.

PROBLEMATIC COAL MINES

Coal mines were restructured in Poland in the mid-1990s, but remained state-owned.

As a result of pressure from labor unions and a lack of proper corporate governance during the period of high coal prices after 2000, wages went up and investment outlays were neglected. With high wages and low-efficiency companies, they were unprepared for the fall of coal prices after 2011.

To keep the unions satisfied, politicians kept subsidizing inefficient companies at the expense of more productive ones.

[4] Megginson, W.L., and J.M. Netter (2001). "From State to Market: A Survey of Empirical Studies on Privatization", *Journal of Economic Literature* 39(2), 321-389.

[5] Shirley, M. and P. Walsh (2000), "Public versus Private Ownership: The Current State of the Debate", World Bank Policy Research Working Paper, no. 2420.

[6] European Commsision (2016), *State-Owned Enterprises in the EU: Lessons Learnt and Ways Forward in a Post-Crisis Context*, INSTITUTIONAL PAPER 031, July. https://ec.europa.eu/info/publications/economy-finance/state-owned-enterprises-eu-lessons-learnt-and-ways-forward-post-crisis-context_en

[7] Bouis, R. and R. Douval (2011) *Potential growth after the crisis*, OECD.

[8] Product market regulation.

When further gimmicks were not possible as coal companies ran out of money, they pressed state-controlled energy companies to "invest" into coal mines.

GOVERNMENTAL BANKING

The growing involvement of government in the banking sector is also a source of serious concern. Although the biggest Polish bank (PKOBP) was never privatized and remains state-owned, until recently it had to operate in the competitive environment of private, mainly foreign-owned banks.

Recently, however, the state-controlled PZU has taken over Alior Bank and Pekao (the second-largest bank), increasing the market share of state-controlled banks from 24% to 38% (as a percentage of total banking assets). The government argued that more involvement of domestic capital in banking sector is needed as a credit from foreign-owned banks during global financial contractions due to problems of their mother companies, while credit from domestic-owned banks proved to be much more stable[9] (Adams-Kane et al. 2017, Temesvary and Banai 2016[10]).

> IT IS NOTICEABLE THAT IN POLAND INVESTORS FACTOR IN POLITICAL RISKS, AS LISTED STATE-CONTROLLED BANKS HAVE A VISIBLY LOWER CAPITALIZATION-TO-BOOK-VALUE RATIO COMPARED TO MOST OF THEIR PRIVATE COUNTERPARTS

Although such an argument is true, it should be noted that public ownership in the banking sector is also a source of serious risks (See World Bank 2001[11] for a general overview and, for more recent research and examples, see De Marco and Macchiavelli, 2016[12]; Englmaier and Stowasser 2016[13]; Jackiewicz et al. 2013[14]; Claessens, Feijen, and Laeven 2008[15]; Damijan, 2012[16])[17]. It is noticeable

[9] See: Adams-Kane, J., Caballero, J. A. and J. J. Lim (2017), "Foreign Bank Behavior during Financial Crises". *Journal of Money, Credit and Banking*, 49, pp. 351–392. doi:10.1111/jmcb.12382,

[10] Temesvary J, and A. Banai, (2016) *The Drivers of Foreign Bank Lending in Central and Eastern Europe: The Roles of Parent, Subsidiary and Host Market Traits*.

[11] World Bank (2001) *Finance for Growth policy choices in a volatile world*, World Bank and Oxford University Press.

[12] De Marco, F., and M. Macchiavelli, (2016) "The Political Origin of Home Bias: the case of Europe", *Finance and Economics Discussion Series* 2016-060, Washington: Board of Governors of the Federal Reserve System. http://dx.doi.org/10.17016/FEDS.2016.060

[13] Englmaier, F., and T. Stowasser (2016) "Electoral Cycles in Savings Bank Lending", *Journal of the European Economic Association*, Pre-print: https://www.eeassoc.org/doc/paper/20160613_215703_ ENGLMAIER_STOWASSER.PDF

[14] Jackowicz K., Kowalewski O., and Ł. Kozłowski (2013) "The Influence of Political Factors on Commercial Banks in Central European Countries", *Journal of Financial Stability*, Elsevier, vol. 9(4), pp. 759-777.

[15] Claessens, S., Feijen, E., and L. Laeven, (2008) "Political Connections and Preferential Access to Finance: The Role of Campaign Contributions", *Journal of Financial Economics* 88(3), pp. 554-580.

[16] Damijan, J. (2012) "What Went Wrong in Slovenia?", *OpEd in Die Presse*, September.

[17] For a wider discussion of ownership trends in banking sector see: Cull R., Soledad, M., Peria, M., and J. Verrier

> THE NEW GOVERNMENT PUBLICLY ANNOUNCED THE END OF PRIVATIZATION AND QUESTIONS THE LOW NUMBER OF PRIVATIZATIONS MADE UNDER PREVIOUS GOVERNMENTS

that in Poland investors factor in political risks, as listed state-controlled banks have a visibly lower capitalization-to-book-value ratio compared to most of their private counterparts.

RECENT TRENDS

It should be emphasized that the most important SOEs are controlled by the central government. Until March 31, 2017 such companies were managed by the Ministry of Treasury with few exceptions[18], but the new Law and Justice (PiS) government abolished this Ministry. Now, companies are directly under the prime minister or under relevant ministers.

Such a change is part of wider policy change after the elections won by PiS in 2015. The new government publicly announced the end of privatization and questions the low number of privatizations made under previous governments of Civic Platform (PO) and the Polish People's Party (PSL), which were in power during 2007–2015. Thus, periods 2007–2015 and 2015–2017 should be analyzed separately.

PRIVATIZATION IN 2007–2015

Privatization attempts by PO-PSL were half-hearted. Of 56 companies controlled by MoT with assets above PLN 1,000 million (EUR 235 million[19]), only three companies were fully privatized. However, the Ministry of Finance successfully privatized 735 smaller companies and the Ministry of Infrastructure restructured and initiated privatization of railway companies.

Despite the huge amounts of stocks sold by MoT in the largest companies, transactions were structured in such a way that MoT was able to retain control. Between 2008 and 2015, MoT received PLN 48.2 billion (EUR 11.4 billion) from the sale of shares in the 56 biggest companies, but MoT gave control to private investors in only three of them. To put it into perspective, the total revenue from privatization can be disaggregated into:

- PLN 31.57 billion (EUR 7.48 billion) from transactions in which MoT sold shares but remained the largest (controlling) shareholder;

- PLN 9.16 billion (EUR 2.17 billion) from transactions where SOEs bought shares of other SOEs;

(2017) *60 Bank Ownership: Trends and Implications*, IMF Working Paper 17/60.

[18] Like railway companies managed by the Ministry of Infrastructure.

[19] For simplicity of comparison, constant exchange rate of 4.22 PLN/EUR is used.

• PLN 5.56 billion (EUR 1.32 billion) disinvestment from companies in which MoT did not have control;

• PLN 1.91 billion (EUR 0.45 billion) genuine privatization (Ciech SA, Zespół Eletrowni Pątnów–Adamów–Konin SA, Polski Holding Farmaceutyczny SA).

„ OVERALL, THE PO-PSL COALITION GOVERNMENT PRIVATIZED MANY SMALL COMPANIES AND, THROUGH IPOs, BROUGHT MORE TRANSPARENCY INTO LARGER COMPANIES, BUT THEY STILL REMAINED UNDER THE STRONG CONTROL OF POLITICIANS

In the case of smaller companies, greater progress was made: 573 companies were sold for PLN 8.35 billion (EUR 1.98 billion) and another 162 companies were transferred to local governments.

Moreover, the Ministry of Infrastructure followed the privatization agenda with regard to railway companies. During the 2012-2015 period, Polish Railways (PKP) sold non-core businesses (cable railway, energy, telecommunication, real estate) for PLN 1.9 billion (EUR 450 million). Also, Cargo company went through an Initial Public Offering (IPO) and, although PKP remained the main shareholder, the process brought more transparency into the company — not to mention PLN 2 billion (EUR 480 million) in revenue for the parent company. Revenues from privatization were used by PKP to deleverage.

Overall, the PO-PSL coalition government privatized many small companies and, through IPOs, brought more transparency into larger companies, but they still remained under the strong control of politicians. It should be also noted that besides its privatization effort, PO-PSL induced the state-controlled PZU to take over a private bank (Alior Bank).

PRIVATIZATION IN 2015–2017

The new Law and Justice government openly declared that no further privatization will be made and abolished the MoT,

THE PiS GOVERNMENT CLEARLY CONTINUES A DANGEROUS POLICY OF THE PREVIOUS GOVERNMENT OF INCREASING PUBLIC OWNERSHIP IN THE BANKING SECTOR

making relevant ministers responsible for controlling and developing SOEs in various sectors. Such a change induced infighting between ministers for the most valuable companies and their highly paid positions, so it is too early to know how a new control structure over SOEs will look like[20]. Although PiS publicly criticized privatization efforts of the previous government, until now no court rulings confirm the accusations of mismanagement by PO-PSL. The PiS government clearly continues a dangerous policy of the previous government of increasing public ownership in the banking sector. With government backing, government-controlled PZU has become a major shareholder in Pekao, the second-biggest Polish bank.

CONCLUSIONS

SOEs producing market output are overlooked by the most common measures of government size (general government expenditure to GDP, public consumption) that concentrate on general government only. In Poland, such omission gives a false vision of a relatively limited government when, in reality, SOEs play an important role in the Polish economy. Their relatively large size is further enhanced by the relatively small sector of large companies. As a result, one in six employees of large companies is working in an SOE.

Huge empirical evidence indicates that, on average, SOEs are less efficient than their private counterparts and their presence results in several market distortions, limiting the efficiency of the economy. Unfortunately, the current Polish Law and Justice government (as well as, to some extent, the previous one) are not only reluctant to privatize SOEs, but actively increase their market share at the expense of private sector. Over time, such a policy will lead to less efficiency and slower economic growth. ●

[20] The most spectacular fight was between the minister of development and the minister of justice over PZU, the biggest Polish insurance company; in order to quell fights within the ruling party, the prime minister took direct control over the company.

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