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Comparison of Privatization in the Republic of Croatia and Selected Former Communist Countries †

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Abstract: The paper deals with privatization processes in five selected countries of the communist regime and their comparative analysis. Most countries have historically encountered the need to privatize state-owned enterprises. A closed and inefficient economic system would reach the brink of resilience and change was necessary. Privatization was a conceptual solution. Due to diversified economic systems, internal social and political differences, as well as the complexity of the privatization process itself, the ways in which it has been implemented vary greatly from country to country. However, the aspiration has generally always meant overall economic improvement, and the implementation of rapid, formal, as painless as possible, preferably spontaneous, and transparent privatization. Still, everything took place in several stages and there was a mass, and most often coupon, privatization in one of the phases. It was concluded that each privatization process is specific, but there are still some overlaps. The main distinguishing criteria are related to the approach towards privatization (modular or inflexible) as well as centralization (Croatia, Czechoslovakia, and Poland) and decentralization (Slovenia and Hungary) of the system that implements and controls privatization. In addition, in some countries there has been a lack of public support due to numerous embezzlements, frauds and attempts to exploit positions of power at a given time, while on the other hand orderliness, legitimacy, and innovation have resulted in an in-flow of foreign capital and successful privatization supported by the public.

Keywords: privatization; Republic of Croatia; communist countries

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1. Introduction

Privatization was rarely mentioned in the Eastern Bloc countries until the early 1980s. However, after the fall of the Berlin Wall, it became a major preoccupation of political actors, the economic academic community, and the public. It was necessary to define a strategic plan that would lead to increased competitiveness, a greater degree of internationalization and overall personal and social well-being. At that time, social ownership, as a public good, began to dissolve in most of the former communist countries. Accordingly, it was private ownership that was the conceptual solution since it is the foundation of market business. However, confusing and turbulent struggles for ownership led to a series of problems for companies and employees. One of the main background problems was the desire for manipulation which led to numerous malversations. The complexity of the topic has aroused the interest of many authors to research this issue in the domestic and foreign environment.

The main aim of the paper is to compare the model of privatization in the Republic of Croatia with models of privatization in selected former communist countries (Poland, Hungary, Slovenia and Czechoslovakia). The authors seek to find answers on questions related to the similarities and differences between these five models and to identify and itemize better and worse solutions in the process of resolving the privatization node that has appeared in all European countries whose political systems had been based on communism. In addition, the aim of this paper is to present the privatization processes in Croatia and selected former communist countries.

The article deals with the analysis of secondary data in the domain of privatization and problems related to the privatization processes. A particular focus has been placed on the sources of the most prominent economists dealing with the topic of privatization in selected countries, since privatization issues do not only cover the economic sphere, but the topic of privatization has also been approached with interdisciplinarity. Moreover, it is not only a consequence of economic processes but is a result of a broader legal, political, and economic connotation.

The organization of the paper is as follows. The second chapter deals with the topic of privatization in Croatia. The situation in Yugoslavia in the second half of the 20th century is described and the key moments that brought Croatia closer to privatization and market liberalization in general are discussed. A brief overview of the chronology of Croatian privatization through a comparison of its features is also presented. The third chapter deals with a review of privatization in selected former communist countries. Their historical path to privatization and the characteristics of privatization are described and the effects on citizens and the state are presented. Finally, a comparison of privatization in Croatia with the mentioned countries through certain parameters is made. The conclusion, as the last chapter, summarizes the topics discussed in the previous chapters.

2. Privatization in Croatia

2.1. Political Context and Economic Crisis in Yugoslavia

Yugoslavia was specific in comparison with other socialist countries. It sought to reform the socialist economy through decentralization of leadership and limited introduction of competitive market forces [1]. Self-management was introduced while administrations and work councils ran businesses relatively independently. This enabled a higher sense of belonging of the employees to the companies, and consequently their motivation was at a higher level. The system of social ownership was based on a non-proprietary principle in which the basis of the system was not capital but labor [2].

The problems of the Yugoslav economy began in the early 1980s. Annual inflation had grown steadily, and the government tried to solve the problem by printing money, which led to hyperinflation (1980: 40.7%, 1989: 1252%) [3]. The loans from the Western world (led by the US) which assisted in the development of the Yugoslav economy in order to separate Yugoslav policy from the influence of the USSR (Union Republics of the Soviet Union) became increasingly expensive and increasingly difficult to obtain. Furthermore, the inability to finance production and sustain the economy led to a vicious cycle that bankrupted Yugoslavia in 1982 (though it was never officially published). Yugoslavia's total debt was constantly growing as was its trade deficit. Productivity was low due to a poor organizational structure of self-management and constant neglect of market demands [4]. After the unofficial bankruptcy, Yugoslavia was forced to introduce austerity measures in order to reprogram its debts with the IMF (International Monetary Fund) and obtain new capital. Restrictions on the import of goods were introduced which resulted in a shortage of basic items. Due to the shortage of gasoline, vehicle usage was also restricted (depending on the number of the license plate people were able to drive only on certain days). The economic crisis led to a strong political crisis, strengthening nationalism and resentment of the Member States. Political leaders tried to determine the owners of social property and introduce equality of all forms of ownership. Their main aim was to introduce a capital and labor market instead of the current negotiated preferential business, social planning, credit relations and monopoly. Such a strategic approach resulted in a short-term recovery of the Yugoslav economy. Specifically, inflation was stabilized and living standards and market activity increased [5].

2.2. Specific Features of Croatian Privatization

In the case of privatization, the state took over the entire management mechanism on all essentials related to the company. This form of asset centralization was described by Gregurek (2001) as "original state-level accumulation". The lack of strategic goals, the neglect of the market as a reference in determining the value of the company, and the frequent institutional rules and legal framework changes had affected the uncertainty of potential prospective investors and led to numerous frauds that were not characteristic for Central European countries.

Privatization in Croatia began in 1989 with liberalization as a response to the actual crisis. Transformation of ownership and adoption of the law which regulates the implementation represents the first phase of Croatian privatization (1991–1994). The emphasis was on protecting strategically important state-owned enterprises from privatization. Other companies were subject to sale, and employees were given priority in buying shares on preferential terms. However, the question arose to whom the ownership of individual companies belonged after the collapse of the old system. Good examples are the cases of Hungary and Poland, where the problem of ownership was relatively easy to solve because it was assumed that it was state-owned, while in Yugoslavia it was not known who the real owners of the capital were [1]. The funds had been perceived as social property used by workers. The disadvantage of the first phase was the subjective valorization of the value of enterprises due to the prompt sale and war. The second phase was marked by economic stabilization which affected the competitiveness of the companies. During this period, the companies that avoided the first privatization wave entered the privatization process. The Croatian Privatization Fund and the Pension Fund disposed of their assets [6]. The third wave of privatization was politically inclined. It was characterized by mass coupon privatization and the distribution of shares of questionable quality to the overall public. Specifically, companies facing bankruptcy were for sale. The fourth stage of privatization continued the sale of the bankrupt companies. However, an initiative to revise conversion and privatization emerged on suspicion of numerous frauds and criminal acts [7].

3. Privatization in Selected Former Communist Countries

3.1. Slovenia and Privatization

At the beginning of the transition, the economic situation in Slovenia was significantly different from the situation in other transition countries. The degree of marketability was much higher, and the system of self-government in Yugoslavia and the reforms implemented in the 1980s enabled a high degree of enterprise independence. Central planning was rarely seen, and most business decisions were made independently in enterprises with the limitations of the actual semi-command system. The breakup of Yugoslavia and the war threatened Slovenia's international trade. The reorientation to western markets was not easy, especially because of the high risk of doing business with a country near a war environment. Many companies did not survive the new situation and unemployment increased significantly in the early 1990s. Furthermore, the situation was complicated by the fact that this crisis was taking place in the context of very high inflation. One of the most important instruments in curbing inflation was a restrictive wage policy that would lead to a real decline in purchasing power and living standards of the population [8]. Slovenia was also fighting for international recognition which came rather late. Despite political and economic uncertainty and recession, there were surpluses in macroeconomic balances and a reversal in lowering inflation rates [9].

The period of transition from recession to long-term growth occurred in the mid-1990s, and in those years injections and unemployment began to decline. By 1997, key reforms had been implemented. There was a bank remediation and corporate ownership transformation. The economy functioned as a true market economy and all former socially owned enterprises were transformed into joint-stock companies. The historical context of Slovenian privatization began in the late 1980s [10]. Legislation sought to abolish self-governing and social relations in order to replace them with capitalist property relations.

The Workers' Council had the right to sell the business to private owners, and the gradual transformation of socially owned enterprises into joint ventures was also allowed. However, the government struggled with the implementation of massive, rapid, centralized, and distributive privatization through mutual funds that was intended to break up with any form of political, social and economic heritage from Yugoslavia. More specifically, it was impossible to initially convert all socially owned property into state property and it made no sense to allow politicians to choose new politically committed owners [11]. On the other hand, a decentralized and commercial approach to privatization was proposed in which managers and workers would initiate privatization processes spontaneously and slowly. This would avoid the negative effects of privatization in the transition process, and existing property rights would strengthen managers [12]. The struggle between the two approaches resulted in a crisis of the relatively efficient Slovenian economy. They were losing the market and numerous companies were becoming insolvent and on the verge of bankruptcy, while banks were accumulating a large number of bad loans.

Mencinger (2007) divides enterprises into three groups: (i) large non-profit enterprises most affected by political events and transition, (ii) less-affected enterprises that should be privatized under the provisions of the new ownership-restructuring law, and (iii) utilities that are supposed to remain in state ownership. The Development Fund established corporate governance for the first group of companies with the aim of solving financial problems and creating preconditions for privatization. The ultimate goal of the program was to liquidate or sell the companies over a two-year period. Initially, the program was successful and the results of the first year were impressive, but gradually the program changed, and the Development Fund turned into an institution to provide various forms of non-transparent and often politically motivated state aid to troubled companies.

Finally, at the end of 1992, an alternative solution was found—the Law on Transformation of Social Property was enacted, which had the features of both approaches to privatization—decentralization and gradual privatization and predominantly distributive privatization via vouchers to Slovenian citizens. The proportions by which the shares in the companies were divided were defined: 10% of the social capital belonged to the Pension Fund and the Former Owners' Compensation Fund, and 20% of the capital was transferred to the Development Fund, which sold these shares to newly established private investment funds, and employees in exchange for their certificates of ownership. For the remaining 40% of the capital, four options were available: (i) buy-out provided to employees on preferential terms, (ii) public offer to citizens, (iii) public offer to privatization funds, and (iv) buy-out to a strategic partner. Ownership certificates facilitated the free distribution of shares among employees and citizens.

Since companies were able to choose between different methods of privatization, the most popular was the internal purchase of shares, which included mandatory transfers of 40% of shares to institutional owners (three funds). This was in line with the expectations and legacies of self-management. The choice of this model was enhanced with a 50% discount and the possibility of deferred payments of up to five years. Workers and managers received a majority in 44% of enterprises, but this represented only 22.9% of total capital, while funds accounted for almost 41% in the ownership structure of enterprises after the privatization process [13]. Another popular method was the combination of public auction with internal stock allocation, which was a method preferred by profitable large companies.

In 2005, the entire Slovenian economy was reformed, with effects on the further course of privatization. Specifically, the enterprises which remained the property of the Government after the first phase of mass privatization had to be privatized by scattered commercial privatization. Thus, the period of non-transparent consolidation of ownership at low prices that followed the first stage of privatization was about to end. In the second phase of privatization, the emphasis was on transparency and international actions, as well as on coordinated privatization, from which even the largest state-owned enterprises were not excluded. The patterns by which the state withdrew were strictly defined and its impact on the economy gradually diminished. Sales criteria included maximizing the sales price, working together and constantly evaluating the company's profitability, and finding as many potential customers as possible. Furthermore, given the shallow Slovenian capital market, the goal was to independently increase the value of the portfolio of shareholders in accordance with the rules of the stock market. Finally, there are companies that were not necessarily subject to immediate privatization, as they are large companies that are important to the national economy. Their sale needed to be consistent with the obligations of the funds, the market situation, and the sale of other state-owned enterprises [14].

3.2. Hungary and Privatization

Hungary has been trying to reform the socialist economy since the 1980s through decentralization of leadership and the limited introduction of competitive market forces. The countries of Central and Eastern Europe lost confidence in the Soviet model and began to look for alternative methods of securing conditions for capital accumulation [15]. Hungary sought to secure fresh capital. The strategic approach involved the sale to foreign owners from Western countries. In the late 1980s, a series of laws led to the gradual creation of conditions for the legalization of privatization. The three most important laws that enabled Hungary to begin privatization and transition to a new business system were: (i) the Foreign Investment Act 1988, which created extremely favorable conditions for foreign private companies; (ii) the Corporations Act, which allowed the formation of corporations in the same year; and (iii) the 1989 Conversion Act, which allowed state-owned enterprises and cooperatives to be converted into joint stock companies. Spontaneous privatization arising from these laws is presented as "machinations survival of the elite of the old system" [12].

Privatization in this form was not supported by the public. Therefore, the State Property Agency was established, whose task was to control the privatization process in accordance with the property policy directives. These directives created a legal framework for more transparent privatization in Hungary. The Hungarian model of privatization is different to other countries. A flexible approach has been put in place that implements privatization on a case-by-case basis. In the first two years, this process was created by managers in companies, with virtually no state control. Subsequently, certain laws were enacted, and the State Property Agency was established, but there was never a significant role for the state in centralizing the process due to the Agency's failure to accelerate privatization [1].

Privatization in Hungary can be divided into several categories: the first category is characterized by spontaneous privatization; the second category is related to active privatization where the main objective is to attract investors; the third category is the self-privatization process, which is defined as an independent procedure with the support of an authorized consultant; the fourth category is privatization initiated by investors; and the fifth category is the sale of shares on preferential terms to employees (up to 15% of shares). Regardless of the category, the main objective of the Hungarian privatization was to create conditions for future economic operations to be as efficient as possible and to achieve a privatization price and a satisfactory level of revenue to be used to service the national debt. The privatization process was carried out in accordance with market conditions (the issue of domestic and international demand and purchasing power), and state intervention was only possible in emergency situations. An important element of the strategy was the implementation of various privatization methods that would allow a wide range of investors capable of acquiring companies (discounts and benefits for workers) and the transfer of state ownership without compensation to local authorities, social security, foundations and public welfare associations, but only if this reduced government grants [2].

The first privatization program was launched by the State Property Agency in September 1990 and at that time twenty companies of different sizes and profiles were put up for sale. Although the program initially aroused special interest, mainly among potential Western investors, it eventually proved unsuccessful as most of the enterprises remained state-owned, with most of them under the direct control of the State Property Agency.

The most common form of ownership changes up to that point had been encouraged by managers, and despite the restrictions and legal solutions that the State Property Agency had tried to impose, the maneuvering space of managers, although reduced, still played a large role in the so-called spontaneous privatizations. This situation led to great speculation and management efforts to downplay the value of the company. Thus, the process began of transforming the communist classes to new owners [12].

At the end of June 1993, all state-owned enterprises were required to be converted into business corporations. This decision forced enterprises to undertake rapid and formal privatization. The major problem was the inability to raise funds from local citizens who would invest in privatized companies. Therefore, the government formulated specific schemes to assist the population in obtaining funding. The mechanisms included: renting certain companies, using existing loans, buying property through a term plan, and small investment programs for shares buying. Nevertheless, foreign capital has played an important role in Hungarian privatization in the form of pure investments and through participation in privatization projects [16].

3.3. Czechoslovakia and Privatization

For many years, Czechoslovakia was not in favor of reforms towards liberalism since it had a balanced macroeconomy, a few competitive branches, a skilled workforce and negligible indebtedness [17]. Still, privatization was inevitable. The implemented privatization model was one of the most innovative solutions to the problem of mass privatization because it did not represent the classic forms of privatization. Namely, the goal was to carry out mass privatization without prior reconstruction of the company and to transform the country from 100% state ownership into a country with an unusually small, well-defined, state sector and a fast-growing private sector in a short period of time [18]. This was achieved by distributing vouchers to citizens in a fast and transparent manner to prevent a lack of capital among the population. They were allowed, carefree, to buy shares of one of the offered state-owned companies. The purchase could be made independently or through investment privatization funds [19].

An important feature of the Czechoslovak model was the possibility that investors could develop their own variants of company privatization that would compete equally with the management's proposals on the privatization of specific companies. Such a system allowed the competent government institution to select the best of the proposed models for enterprise transformation. Privatization was carried out exclusively by ministries, the government and the national privatization committees. The reason for this was to avoid the uncontrolled growth of managerial power that occurs during spontaneous privatizations. However, there were some exceptions [20,21]. The implementation of this privatization model involved a large number of state-owned enterprises being owned by several thousand small shareholders, domestic citizens. The benefit of such rapid privatization was certainly the awakening of the entrepreneurial spirit in this rigid communist system. However, the shortcomings and risks of this privatization method are reflected in the later functioning of the companies. Due to the huge dispersion of ownership, the management of the company is difficult, and this problem is expressed until the shareholders decide to hand over their shares to a certain investment fund or some other institution. In addition, the downside is the high cost of implementing such privatization, which does not contribute significantly to the state budget in the future. In any case, privatization of this magnitude has not been recorded anywhere else. Analysts estimate that public support was crucial for the success and realization of the proposed conversion concept. In addition, foreign capital, mostly of German origin, also contributed significantly [22].

The first significant problems arose in the post-privatization period. The lack of appropriate regulation contributed to the chaotic reshaping of the portfolio acquired in the initial phase of privatization. Consequently, there was a notable reduction in the concentration of ownership in the first year of the third round of privatization. Moreover, it took more than four years for ownership concentration indices to normalize and to increase in line with initial expectations [13].

3.4. Poland and Privatization

Poland has the longest history of private ownership of all former communist countries when considering "non-state economic activities that have been present since the late 1950s" [19]. The purpose of private companies was to advance the economy through additional capital and new technology. However, legislation on privatization was established subsequently. The 1989 consolidation plan enabled the transformation of enterprises into joint stock companies. A directorial experiment was also conducted. It provided an opportunity for managers of state-owned enterprises to be engaged in economic activities outside the management of their own enterprises [12]. This led to an increase in political and social stability, which is why some of the privatization measures had to be slowed down due to citizens' dissatisfaction with austerity and waiver measures. But the government gained public trust and the Poles were willing to make a temporary "sacrifice" as a pledge for a better future [15].

The formal Privatization Law was established in 1990. It redintegrated a normative framework flexible enough to be able to implement different privatization strategies with an emphasis on centralist regulation and control of privatization. The fundamental goals of privatization included the reduction in the public sector and the inherent burden on the state budget, as well as the generation of revenues. Thus, an efficient corporate governance system was established that visibly improved the performance of the company itself [2]. Although the first exemplary privatizations were officially rated as successful, it soon became apparent that the case-by-case method was too slow and too expensive. After the change of government, the method of urgent mass privatization was supposed to be implemented. The plan was to distribute free vouchers to citizens who would then exchange them for shares in mutual funds. However, due to political instability and opposition interventions, the concept of share division has not been implemented. Privatization continued, on a case-by-case basis, through the capital method and privatization through bankruptcy [19].

According to Polic (2008), two methodological approaches were applied in the Polish privatization model. The first was the privatization of capital (indirect privatization), and the second was the sale of company assets (direct privatization). Leasing dominated as a method of direct privatization. Thus, the ownership was transferred to the employed workers in "buy-out" privatizations. On the other hand, the bankruptcy method was implemented in the case of small and medium enterprises. The company's assets (or part of it) were sold or more often rented to domestic or foreign buyers. The most widespread was the so-called leveraged buy-out, in which investors paid 30% of the appraised value as an investment and repaid the rest during the usual five-year period [12].

A special feature of the Polish privatization process is the sectoral approach. Namely, they are trying to restructure and privatize companies from the same sector because of the similarities that these companies have. Thus, they are able to overcome the concurrent difficulties faced by companies in a particular industry. Privatization is decided by the competent ministry, company management and the workers' council. However, they usually hire foreign consulting firms that prepare feasibility studies for restructuring and privatization. This approach has accelerated the privatization process itself visibly and made it more cost-effective and efficient. Privatization has resulted in the growth of the private sector, the growth of private partnerships and employment in the tertiary and quaternary sectors [22].

4. Comparative Analysis of Privatization Processes in Croatia and Selected Former Communist Countries

Normative goals in all countries regarding privatization were relatively similar. Thus, the political classes strived for economic growth, prosperity of citizens, inclusion in world trade, the desire to become a significant player on the international market, high employment, high standards, etc. The starting positions of the former communist countries and Croatia were different when comparing their openness to the market at a time when they were under communist regimes. Consequently, they all considered privatization as the solution to a number of internal problems, the growth of competitiveness and overall economic progress.

Croatia and Slovenia, which originated from Yugoslavia, were more market-oriented than other socialist countries, especially Slovenia as the most developed Yugoslav republic. Namely, their communism was relatively soft. In that manner, their openness to the market was much higher, especially in the period after the death of Josip Broz Tito [23]. Poland encouraged economic activities and also had a positive experience with private initiatives. Furthermore, Hungary was often considered as the most unfettered country in the Eastern bloc. This was achieved through a series of reforms that gradually moved Hungary away from the Soviet grip and turned it to the West. On the other hand, Czechoslovakia was the most rigorous of all selected countries in terms of economic freedoms. Accordingly, until the beginning of the transition, it showed no affinity for privatization and the international market in general.

Macroeconomic and political goals dominated in the design and selection of privatization models in each country. The unfavorable institutional and legal framework for post-privatization ownership transformation had only constrained effects on the results of post-privatization ownership transformation. The reason why the privatization process had stalled on many occasions was politics and the inability of major political actors to agree on privatization models. The best example of the struggles of different privatization approaches was visible in Slovenia, where the struggle of Mencinger's and Sachs's concept lasted for 16 months, which eventually ended in a compromise and taking certain parts from everyone's program. A similar situation occurred in Poland, where parliamentary parties were reluctant to support the government for the method of urgent mass privatization after it became clear that case-by-case privatization was not fulfilling its task due to slowness. Hungary was characterized by a flexible approach and minimal state interference. State intervention existed exclusively in cases of government rewarding of loyal party members. The awards included key positions in central economic decision-making institutions or on the boards of directors of state-owned enterprises that had undergone a conversion or been "temporarily" placed under state control. The political elites in Croatia and Czechoslovakia had a great influence and it can be said that the process was centralized and in the hands of the state. Czechoslovakia's advantage was that managers did not have much influence or synergy with political leadership. In addition, external investors were given the opportunity to create privatization programs for companies.

Mass privatization is the most attractive phase of privatization for citizens due to the lack of funds for the purchase of shares and ownership of shares in companies. In Croatia, it was most prevalent in the third phase of privatization, where shares were distributed to a wider population despite a portfolio of dubious value. Czechoslovakia had a specific form of mass privatization in which every adult citizen was allowed to participate. On the other hand, in Croatia, vouchers were given only to certain social strata. If we look at the number of coupons for privatized companies, in Czechoslovakia this approach led to the privatization of 1849 companies with private capital of 9.25 billion euros [24], while in Croatia the number of companies was 471, and the amount of privatized capital was 3.6 billion German marks [25]. Furthermore, Slovenia, which only at the end of 1992 passed a law that fully regulated the privatization process, decided to award vouchers and this led to workers and managers having a majority share in 44% of companies.

Citizens' perceptions of privatization processes show differences in the view of privatization, and it is interesting that the most pessimistic about privatization were the citizens of Croatia, 50% of whom considered privatization to be extremely negative. Along with the Croats, there are also the Poles, of whom only 18% believed that privatization is a positive process. On the other hand, the citizens of Czechoslovakia, who are considered the biggest winners of the privatization process in the former communist countries, were the most satisfied with privatization [15].

5. Conclusions

Privatization in selected countries has brought a lot of benefits to consumers, which is reflected in lower prices and better quality of products and services. Internationalization was necessary and there was no alternative. Therefore, it can be concluded that the privatization process has been relatively positive given the historical context in which it took place. An additional aggravating circumstance is inadaptability, as it was very difficult for many to move from one system to another. Most of the "mistakes" made during privatization in all countries can be attributed to beginner and inexperienced omissions due to ignorance of the market mechanism and inadequate adjustment to market competition conditions.

Citizens expected privatization to bring fresh capital, a more efficient management system, and investments to impoverished companies that would contribute to the wider community, but in many cases positions of power were exploited. The Czechoslovak model proved to be a complete success that brought fresh foreign capital with incredible speed and led to the widest privatization, which until the collapse of Czechoslovakia was synonymous with successful privatization.

The fact is that the privatization process in these countries has significantly reduced public debt by increasing budget revenues. In addition, successfully privatized companies have created new jobs through their development and thus contributed to employment growth. In most cases, due to successful privatization, there has been an increase in salaries, and by participating in the purchase of shares, a large number of employees have become owners of privatized companies. This has allowed them to participate in the management of the company as small shareholders, although in certain cases this has proved to be a negative determinant because the dispersion of ownership could lead to the impossibility of running the company efficiently.

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