*Transforming Public Enterprises: Networks, Integration and Transnationalisation. “From Ugly Duckling to Swans”.

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Abstract

In this paper, we propose to analyse whether the newly emerging TNCs network services in communications and energy in Europe can be considered “European” enterprises. We argue they can, to the extent that: 1) Institutional change within the EU both shaped - and was shaped by - the emergence and evolution of these enterprises. Competition law and liberalisation directives, so-called “negative” integration, as well as European policies to promote a newly emerging European regulatory framework of services of general interest, and the Trans-European network, or “positive” integration, are key to understanding the emergence and development of these enterprises 2) Many of these enterprises, formerly nationally-based, started to occupy important positions in the UNCTAD list of the world’s largest TNCs in recent years. This is a recent and unprecedented development. However, although, according to the UNCTAD transnational index, these qualify as transnational, and indeed some of these same companies market themselves as “global”, it can be questioned whether, in practice, they are truly transnational, or it is more precise to call them “European”. Finally, we acknowledge that though these enterprises are not European de jure, but they certainly show evidence of being profoundly Europeanised.
Introduction: From “Ugly Ducklings to Swans”? Formulating research questions

Transnational corporations (TNCs) and public enterprises are usually perceived as organisations that evolve in separate, not to say antagonistic, economic and ideological spheres. Public enterprises are usually associated with national or subnational organisations, often operating as publicly protected monopolies, subject to government policy and interference. TNCs, on the other hand, operate, by definition, across national borders, and are usually associated with private enterprises working in competitive markets, financially accountable to shareholders and relatively independent of government interference. During the interwar period and the years following the end of the Second World War, many enterprises in Europe were nationalised, in order to limit the influence of multinationals over the national economy, amongst other reasons. Yet, in the recent period, privatisation, liberalization, de(re)regulation and integration policies have been accompanied by a pronounced return of transnational corporations (TNCs) to Europe. Among the most important of these newcomers is the transnational network enterprise, particularly in the communications and energy sectors. Today, service enterprises constitute some of Europe’s most important TNCs. This transnationalisation of network services is dramatic and unprecedented: in 1990, there was just one network service firm in the UNCTAD’s top fifty TNC list, News Corporation of Australia. Just one decade later, network services make up one third of the top fifty, the overwhelming majority of which are European.

Now, for a large part of the C20th, public enterprises in general were criticised for being sluggish, inefficient and bureaucratic: indeed, they were the “ugly ducklings” of the mixed economy (Clifton, Comín & Diaz 2003). Yet some of these same enterprises have been transformed into Europe’s largest TNCs by developing competitive advantages derived from their historical role as deliverers of public services, helped by their financial and technical background, which gives them important advantages over the private sector.
A new (and very complex) relationship is henceforth being developed between the private and public spheres, in spite of the ongoing debate that continues to polarise private and public ownership (Shirley, 1999, *Privatisation International* various years, *Economist* 2004). This transformation is recent and, so far, under-researched. How and why did the “ugly ducklings” of the 1980s emerge as new economic “swans”? What is the role of global forces and technological change in this transformation? How important were developments at the regional level, such as liberalisation of FDI and services such as telecommunications, transport and energy? What are the consequences for public service provision to everyday citizens? Our aim is to analyse these transformations from a diversity of perspectives in a three-year research project funded by the Spanish Ministry of Science and Technology (2005-2008).

For the purposes of the project “In search of the European Enterprise”, the pertinent questions are whether these enterprises are indeed becoming more “European”, whether they are moving towards other models, such as a “global” or universal model, an American or indeed a Japanese model. If this is not the case, does national distinctiveness continue to dominate? The question, in short, is, do these enterprises classify in the search for the “European” enterprise? Our job, thus, is to collect evidence and counter-evidence and search for trends over time since, after decades of European integration, there is still no consensus as to the existence of the “European” enterprise (Schröter 2005). To what extent does the EU replace the nation state? How is the EU relevant in the face of globalisation?

There are many approaches and frameworks to help to examine these questions, some of the most common including: PEST + culture; institutions (rules) + culture (values) + factors (capital) + technology; examining the role of business elites; the role of the management model; the role of institutional change, and so on. For instance, authors such as Mayer and Whittington (1999a) and Jordana (2002) point to the distinct and continuous profile of national elites in top business. However, elsewhere, Mayer and Whittington...
(1999b) argue that, despite distinct national patterns of ownership, control and management development, large British, French and German firms are becoming increasingly similar in terms of diversification and divisionalisation, a trend confirmed by Edwards (2004).

Our research does not attempt, at least in this stage, to assess whether the emerging TNC service networks in Europe are converging or not towards a universal or other managerial model, whether national business elites remain distinctive, or whether there is a distinctively “European” style of management. A future phase of research, however, could extend Whittington & Mayer’s (2001) analysis of the European enterprise (that compares data from 1983 and 1993) to the case of network services in energy and telecommunications, potential candidates that were only just emerging as the book was first published. Our preliminary research shows that these enterprises are “European” in the sense that EU institutional change, particularly from the 1980s, shaped - and was shaped by - these enterprises. Their emergence and evolution was connected to EU sectoral liberalisation directives, as well as EU policies to promote a newly emerging regulatory framework and the TENs policy. According to the UNCTAD transnationalisation index, today, many of these enterprises are key transnational players, some of which market themselves as “European” (such as EdF, Tele2) and others as “global” (such as Vodafone) on their websites and publicity. But, as Aharoni (2005) has pointed out, the World Investment Report considers the increase of EU FDI a “global” trend, but it should be considered an “intraregional” trend in the light of the establishment of the common market. A transnational firm is defined as one that operates in at least two different countries. However, if these two countries are both EU members, surely it is more precise to talk about a “European” rather than a “transnational” firm? Thus, it follows that, once EdF invests in the UK, it becomes a European firm, even if it remains a State-owned French monopoly. Because this enterprise operates in Europe, it is bounded by European rules on liberalisation, competition, mergers and acquisitions, and so forth, it is offered opportunities in the TENS project and, in addition, it is subject to a newly emerging European framework, which has
been designed to express and preserve particular “European” values about public service delivery. Different national governments, EU social partners and business lobbies all played their role in the emergence and establishment of this European regulation (Clifton, Comín & Díaz 2005). Our focus on regulation in connection to the enterprise is one of the novel aspects of this research. These observations should be qualified with the insight that any characterisation as “European” may well be a temporary one, perhaps as a transition between a national and international enterprise (Hayward 1995). A related point is that, whilst it may be difficult to categories these dynamic enterprises as “European” (static), it is easier to show how they have been Europeanised (Radaelli 2003) in various ways. Thus, while they may not be European de jure, there is certainly evidence of Europeanisation at many levels.

The rest of the paper is organised in the following way. In section II, we deal with the emergence and evolution of TNC service networks in Europe, in the context of institutional change. Though we acknowledge the role of factors beyond Europe that explain their emergence and evolution, we also argue that Europe was important in shaping their trajectory. We analyse whether these TNC network services are “transnational” or “European” in practice. In section III, we explain the emergence of a new European-level regulation of public services, and point to how this has Europeanised the enterprises in question. We end with some provisional conclusions.

II. The Emergence of European TNC networks.

As is well known, during the “golden age” of public enterprises spanning roughly from 1950 to 1980, the dominant consensus was that the state had a legitimate role in business. Across Europe, justifications for State intervention in the ownership and running of public enterprise were often common, and included public finance, defence, lack of private initiative, market failures and natural monopolies, social justice, technological change, avoidance of
foreign ownership, and so on. Public services played an important role in the historical evolution of Member States, and there were many common features in terms of organisation, ownership, regulation and timing, as well as some differences. Similarities included the kinds of activities that have been managed by public enterprises, a resistance to allowing market forces to govern these activities, the introduction of similar laws on how services of public utility or of general economic interest should be run (such as monopolies, exclusive or special laws), and obligations on the operator. This consensus ended during the 1980s, when state intervention into public enterprise was put onto the defensive (Stiglitz). The liberalisation, deregulation and privatization of public enterprises became popular in many countries around the world and, though superficially this looked like a “global fashion”, there were actually many different reasons, approaches and results to these processes (Clifton, Comín & Diaz, forthcoming 2005).

Responses to global and technological changes were far from automatic or mechanical. Europe acted as a catalyst, filter, and shaper of these forces via competition law and other policies. During the first few decades of post-war integration, a “blind eye” was turned to government subsidies and preferential treatment of public enterprises, including the public network services. As the ideological climate shifted towards the end of the 1970s and throughout the 1980s to a so-called “neoliberal” economic model, epitomised by Margaret Thatcher and Ronald Reagan, however, it became increasingly difficult to avoid formalising the role of public enterprises in the face of privatisation and increasingly integrated markets. Progress towards the Single Market was made in the 1980s, and a landmark in the EEC´s position towards public enterprises came in 1992 with the Maastricht Treaty, as well as the completion of the Single Market. Both the elimination of national restrictions to FDI and the introduction of sectoral liberalisation directives (such as in the telecommunications sector, as explained later) were key to shaping the development of TNCs in the public network services. During the 1990s, the main enterprises transnationalising via FDI were in telecommunications and energy (electricity-gas). Additionally, the Societas Europeae aims to
neutralise national legal barriers by creating a corporate law umbrella common to all Member States, thus facilitating transnational mergers and so on (Schröter 2005).

The world-wide shift from FDI in manufacturing to services was captured by the UNCTAD World Investment Report (UNCTAD 2004). From the mid-1990s, there were three significant changes in world FDI flows as shown in Table 1: 1) there was an unprecedented increase in world FDI flows, from an annual average of 255 billion dollars between 1990 and 1995 to more than one trillion dollars in 2000 and 2001. Although this decreased to 550 billion in 2003 it has recovered in 2004 and 2005. 2) There was an increased importance of EU in total FDI (outflow, inflows and net outflows). The EU contributed to around a half of worldwide FDI from 1990 to 1995 and reached over 70% in 2000 and 2001 (it was still around 65% in 2002 and 2003). Third, as shown in Table 2, there was significant growth of cross-border Mergers and Acquisitions in FDI from 1987 to 2003, an increasing proportion of which were based in the EU. Within this rise of FDI and M&A, services occupied an increasingly important place, as shown in Table 3. Moreover, according to Aharoni (2002), trade in services is often counted as goods (manufacturing) and is being underestimated. Within these trends, there rose a new development which was the emergence of public network services increasingly appearing in the top 100 lists of TNCs (Table 4). Looking at the UNCTAD list of the top 100 world non-financial TNCs, it is clear that former national network services are very important, and the overwhelming majority of them are European-based (Table 5). In order to deepen the analysis it is worth examining both telecommunications and electricity separately.

**Telecommunications.**

In the case of telecommunications, major technological change from the 1970s has been an important force for change, with convergence leading to a proliferation of new communication technologies towards the so-called “information society” (Castells, 1996) or ICT revolution (Freeman & Louça,
Moreover, communication infrastructure is at the heart of what is known as third phase of development. At the general level, the telecommunications sector has witnessed rapid technological change and institutional reform through liberalisation of markets, which some authors attribute to pressures originating in institutional reform with the break-up of the Bell system in the United States from the 1970s (Schneider 2002). At the same time, there have been important ideological changes, as well as business organisation changes (Robbins, Castells, Chandler). The EU has not been passive in the face of these challenges, and has acted sometimes as filter, sometimes as catalyst, in shaping and restricting outcomes.

During the 1980s, the EC introduced modest reforms to open up certain segments of national markets (terminal equipment in 1988, public procurement in 1990). The Green Paper on Telecommunications (1987) aimed to ensure Europe had a competitive market to compete with the US and Japan, to introduce some liberalisation measures and promote R&D in computer and telcoms industries (Schneider: 2002, 39). Transformation of former telecommunications monopolies began from the 1980s, when most European countries transformed the direct regulation by bureaucratic public operators (typically Post, Telecommunications and Telegraph, PTT) of State-owned enterprises (such as BT, Deutsche Telekom or France Télécom). It was not until the 1990s that a new regulatory framework for liberalisation and independent regulation of the sector with a series of EC Directives was established. EU telecommunications privatisation had two main stages. First, between 1981 and 1993, the UK dominated, generating US$24.4 billion (90% from BT), while the EU-14 only accounted for US$2 billion. From 1994, as the liberalising Directive (EC 96/19/EC) was passed, EU-14 countries started to dominate, with 55 operations generating US$124 billion (some 97% of the proceeds in the period under consideration, and 82% of the total from the 1980s).

There was, thus, a clear correlation between the establishment of independent re-regulatory agencies, liberalisation and privatisation in this
sector, and the emergence of new TNCs in telecommunications in Europe. The median year of: establishing independent regulatory agencies was 1993; \(^1\) telecoms privatisation was 1996; and full liberalisation of services and infrastructure in most countries was 1998 (in Ireland and Portugal it was 2000, and Greece in 2001). Countries did not respond in a mechanical way, however. Smaller countries were under more pressure to privatise in the face of European market liberalisation. The threat of takeovers by larger firms (possibly from larger national markets) was considerable, indicating that economies of scale and size matters. So, while France Telecom and Deutsch Telekom were hesitant and opportunistic privatisers, telecoms firms in smaller economies, such as Denmark sought an active strategic alliance with American and Asian companies so as to reinforce their competitiveness in Europe as well as globally. In a similar way, Finnish and Swedish telecoms firms sought joint ventures to expand in Denmark, Norway and prospective new EU Member States such as Estonia, Latvia and Lithuania. In terms of transnationalisation, 1999 seems to have been a key year for telecommunications, which could be connected to full liberalisation from 1998. Liberalisation was followed by gradual capital privatization, thought many operators still have significant amounts of State participation (DT, FT, KPN, Telia-Sonera, Belgacom, OTE, and Telekom Austria (Table 6).

Table 7 is a snapshot look at the world top telecommunications enterprises ranked by revenues in 2003, and contains information about main telco shareholders and the extent of foreign revenue from 1999-2003. There are a few points to highlight. First, if we examine foreign revenues, it is European telecommunication enterprises that have increased much more than American, Asian and Australian companies. Moreover, larger European telecoms enterprises, such as DT, FT, Telefonica and Telia-Sonera have a higher percentage of foreign revenues as a percentage of total revenues than smaller ones, which also tend to be based in smaller countries such as KPN, TP, OTE, PT Austria or Eircom, or the new Member States. There are, however, some exceptions: BT has declining foreign revenues from 2000, whilst the small enterprise TDT is a model of transnational
telecommunications, with both foreign ownership (SBC) and high levels of foreign revenue (over 50%). Tele 2, a small Swedish firm, has dramatically increased its foreign revenues over the last five years. The question remains, although many European telecoms enterprises qualify as transnational, is their activity really global or is it European?

As we know, transnationalisation can be assessed by ownership structure and, following UNCTAD Transnationalisation Index, by foreign sales/revenues, employment and assets. In table 7, we show the change in ownership structure (privatization) and foreign telecom shareholders. To date, none of Europe’s largest telecommunications enterprises have been taken over or subject to M&A by other European or foreign operators. The only significant M&A has been Telia-Sonera (Swedish-Finnish) to create the seventh largest EU TNC in telecoms. TeleDanmark (TDT) was the first case where non-EU technological partners (SBC and Singapore Telecom) were selected to compete in the EU market. This was followed by a takeover of Belgacom by TDT and its foreign partners. Thus the large operators remain European.

Although there have been takeovers of the five smallest telecom companies in the EU-15, such as the exchange of shares between PT and Telefonica, the partial acquisition of Telekom Austria by TI, and the partial acquisition of Eircom by KPN-Telia, in none of these cases were non-European companies involved. Other small operators, such as PT Luxembourg is still wholly state-owned, whilst privatization of Greece’s OTE privatization was destined to individual, not telecom, shareholders. Finally, the four largest new Member States in the EU-25 have been partially acquired by large European operators, namely, DT in Hungary and the Slovak Republic, FT in Poland, and a consortium led by KPN with Swisscom and AT&T in the Czech Republic. Thus, in the face of globalisation, the process of transnationalisation of ownership remains dominated by European operators, who are much more active than their American and Japanese counterparts.
We now turn our attention to the new telecommunication actors that have emerged in the light of market liberalisation and new ICT revolution (mobile telephony in particular). In terms of corporate communications, two important newcomers take the opposite approach. Vodafone, which tops the UNCTAD TNC list, markets itself as a UK company which now is now global. Its logo is the “world Mobile telecommunications leader”. However, looking at turnover by region from 1999 to 2005, we can see it was basically a UK business in 1999 (with two thirds of its business there), but by 2005, only 15% was still in the UK. The bulk of revenue was from “Europe” (which means the “rest of Europe”), with 60%. Germany and Italy were more important than the UK market. However, Japan is now its main market (Table 8).

In contrast, the corporate communication of Tele2 (Swedish), confidently defines itself as European, “Tele2 is Europe’s leading alternative telecom operator. Tele2 always strives to offer the market’s best prices. With its unique values, Tele2 provides cheap and simple telecoms for all Europeans. We have 29.4 million customers in 25 countries. Tele2 offers products and services in fixed & mobile telephony, Internet, data network services, cable TV and content services. Our main competitors are the former government monopolies. Tele2 was founded in 1993 by Jan Stenbeck and has been listed on Stockholmsbörsen since 1996. In 2004, we had an operating revenue of SEK 43 billion and a profit of SEK 6.6 billion (EBITDA). Tele2 has a low-cost, IKEA-style, democratic and European message in its corporate communications. In breaking down revenue, it is clear that in 1998 and 1999 revenue was totally Nordic (mostly Sweden), but soon the company expanded into Europe and Russia. From 2003, it has had more business in South than North Europe.

Thus, despite corporate communication claims and styles, our provisional evidence points to the importance of Europe in these new Greenfield investment companies.

Electricity.
EU internal energy market liberalisation developed in parallel to that of the telecoms industry from the 1980s, with the first measures taking place in 1996 (92/EC) and 1998, but has been subject to delays and reforms (Directives 2003/54/EC and 2003/55/EC). Some electricity privatisation occurred before this European legislation. As in the telecommunications sector, some national and regional public monopolies were restructured as limited companies (though they were still state-owned) during the 1980s. In England and Wales, privatisation of State-owned electricity countries commenced in 1988, and finished in 1996. In Belgium and Spain, electricity had historically been mostly privately owned. Electricity privatisation also started early in Germany (during the 1960s), and Austria and Spain in 1988. Most EU-14 (not the UK) countries started to privatise in the 1990s, such as Sweden (1991), Finland (1994), Portugal (1997), Italy and the Netherlands (1999), Denmark (2000) and Greece (2003). France has deliberately resisted liberalisation, privatisation and transformation of electricity in order to protect the incumbent operator (Cenoud and Varone 2002).

Utility privatisation has been, after telecommunications, the most important sector in EU privatisation, making up 22% of total financial proceeds between 1980 and 2004. However, privatisation has been partial and uneven. In terms of country sequence, the UK accounted for 90% of proceeds between 1986 and 1993, while the EU-14 generated 82% of proceeds between 1994 and 2002. Most transactions occurred in 1998 and 1999, when stock markets were strong. Again, though no mechanical relationship is posited between privatisation and liberalisation, there are correlations between the two processes. Correlation between the process of liberalisation and corporatisation is clearer.

At the beginning of the twenty first century, the UK still stands alone as regards utilities privatisation. Water continues to be largely characterised by public or mixed ownership in the EU-15, with the exceptions of England and Wales, and the partial exceptions of France and Spain. In other sectors, such as the generation, transmission and distribution of electricity, or the
transmission and distribution of natural gas, ownership also remains public or mixed in most countries. The UK was the only country in which all of these companies were privatised. In Germany, Austria, the Netherlands, Belgium, Denmark and Sweden, regional or local public companies still fully or partly control these activities. By 2000, public enterprises in electricity, water and gas represented less than a quarter of public enterprise employment in Belgium, Spain, and the UK. However, in the EU as a whole, this represented 43% of sectoral employment in 2000. Although this has fallen by 24% in terms of the EEC12 average in 1990, the basic fact remains that these activities have not been deeply privatised, moreover, many are still publicly owned in most EU countries. In this sector, the UK was an anomaly (disproving hypothesis 1), and, again, the best explanation is that European directives were an important force stimulating electricity and gas privatisation, while there remains a generalised trend towards modest privatisation so far in this sector in the EU.

III. A European Regulation - A European Identity?

From the mid-1990s, there has been mobilisation in the European case from distinct actors who have sought to protect decades of provision of public service obligations from the “onslaught” of privatization, liberalisation, deregulation and transnationalisation. Concern across Europe, from social partners (CEEP, ETUC), some policy makers, and citizens’ groups, were mobilized about the potentially damaging consequences of predatory competition and hostile take-overs as a result of privatisation and liberalisation upon the provision of their quality public services. Their demands crystallised in the form of a Charter for Public Services, which has been expressed through several EC communications and green and white papers published throughout the 1990s to the present.

2). The EEC was trying to deepen integration by broadening its scope from economic to political and social union. *Ad hoc* decisions taken by the European Courts of Justice (Corbeau 1993, Almelo 1994) were interpreted as turning points in the recognition of the need to limit competition and place more weight on the side of public services. To increase its legitimacy.

The emergence of a supranational (European) regulatory framework of so-called “services of general interest” seeks to express and protect a European tradition of public service provision (Clifton, Comín & Díaz, 2005). It attempts to encapsulate fundamental, common features of all pre-existing national regulation, whilst positioning itself against an “American” regulatory model. This regulation, to which local, national and transnational enterprises alike are all subject to, could thus be considered an important part of the “European identity” of public enterprises. This is still an ongoing process, the latest developments being the publication of a Green Paper on SGI in 2003, the White Paper on SGI in 2004, and inclusion in the draft European Constitution. As yet, no directive or charter has been passed, possibly the recent expansion has postponed the process. Nevertheless, we argue that this process is important for many reasons, one of which is that this regulation seems to preserve a “European” tradition of public service delivery, and has the effect of shaping the raison d´etre and even the identity of enterprises in these sectors.

**New regulatory approach.**

It is new because the regulation of public services is:

1). Supranational (European) as a supplement to existing national and sub-national regulatory frameworks.

2). Embraces a new understanding of public services as “services of general interest”. This has two main components: First it is citizen/consumer centred.

**Graph 1. State-Market-Citizens/Consumers**

Indeed, it was articulated as a charter for public services (or SGI) in defence of the citizen.
Second, public services are divided up into new blocks (SGI, SGEI) but this causes conceptual confusion. It also causes controversy as the categories may be “slippery” with SGI “slipping” into SGEI to the alarm of social service providers (graph 2).

3). But does this new regulatory framework have a “European” character? Or is it typical of an Anglo-Saxon or American tradition of public service regulation? We can only know this by examining its development and contents in comparative perspective.

Our conclusion is that there is evidence of the “Europeanisation” of public service regulation. First, we need to explain what is meant by Europeanisation. One of the best and most cited definitions is by Radaelli. He discusses the way in which Europeanisation can work on many levels. For instance, when national structures are influenced by “European” ones, we speak of the “Europeanisation” of (say) the German industrial policy. He also insists Europeanisation is bottom-up, ie that a national or sub-national tradition can be “uploaded” using the fashionable vocabulary of the day to the supranational agenda (ie German tradition being powerful in policy construction in Europe).

According to this definition, both the process of establishing EU regulation was 1) “Europeanised” (bottom-up), and, 2) the resultant regulatory framework has the potential to Europeanise (top-down) enterprises in Europe. First 1. To put it in a nutshell (Public Management Review Autumn 2005) the original impetus for protecting public services in Europe came from the EU social partners, particularly the CEEP and the ETUC and their proposals were very influenced by the French tradition (egalite´, universalism, access for all, no discrimination, subsidies for the excluded etc). Time period 1995-2000. However, at the same time, the EC was subject to other pressures, from the need to ensure competition as well as industrial actors (business lobbies) who did not wish to see “more” interference from the “meddling” EU. A
compromise was reached from 2000, as the official policy line on public service regulation, where elements from an Anglo-Saxon tradition (protect the consumer, transparency, information to the consumer, efficiency, benchmarking etc) was merged as a hybrid with a French tradition (egalitarian approach, access to public services as a right to all) to create a (possibly contradictory) approach to public service regulation where the right to public services that work, of a reasonable cost, reasonably performing, has been recognised as a fundamental “pillar” of the “European way of life” (graph 3). The resulting European regulatory framework, thus, has been Europeanised (in the bottom-up way) since the French and Anglo-Saxon traditions have been merged, uncomfortably, into the same framework.

The next question, therefore, is whether this is or will work to Europeanise network services top-down. This entails examining the response of TNCs in Europe to this regulation, highlighting variations across country and sector. Have they embraced, rejected or simply ignored this “European” regulation? From the perspective of managers, are “corporate social responsibility” norms more important than EU social regulation? Can we identify and explain these trends? Is this “European” regulation an opportunity and even a strength of the TNCs, or is it their weakness? Finally, it is important to see at what historical moment TNCs perceived themselves to be more “European” (if, indeed, they did), and whether this has translated into a change in enterprise values, ideas and culture.

**Provisional Conclusions.**

Are we finally seeing the emergence of “Euro-champions” that Jack Hayward was seeking for some ten years ago? We think that we are, in two main senses. First, the behaviour of the formerly national enterprises has been shaped by - and has sought to shape - EU public policy developments (privatization, liberalisation, de(re)regulation and transnationalisation). Among the consequences is a “European” approach to public policy which
bounds and influences their behaviour. Rather than being transnationalised national network services, many of them in practice are currently expanding across internal borders - hence it is more precise to label them “European” rather than “transnational” firms. As Schröter (2005) has pointed out, there has been a historical trend that TNCs first expand to the nearest geographical destinations, and with experience, go further afield. Do networks have specific characteristics that favour geographical closeness making them differ in behaviour to industrial enterprises? Is this “European” phase to become a more global one? As Hayward warned us, the European enterprise may be just a transitory phase in progress to a more global presence.
References


Furthermore, to date, each country within the European Union is considered an independent entity. Therefore, an investment by an Irish airline in Belgium is considered FDI, even though the EU created one European Common Aviation Area, transforming intracommunity air service from international to domestic”. Transnational Corporations, Vol. 14, No. 1 (April 2005, pp. 158-167) p. 160

\(^{i}\) OFTEL was established in the UK in 1984, the Autorité de Régulation des Télécommunications in France in 1997, the Regulierungsbehörde in Germany in 1998, and the Autorità per le garanzie nelle comunicazioni in Italy in 1998.