

Governance Mechanisms and Their Impact on Financial Performance in Economic Institutions: A Case Study of Telloise Canning Company in Chlef

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Abstract: *This study aims to analyze the role of governance mechanisms in improving the financial performance of economic institutions, with a particular focus on the case of Telouaz Canning Company in Chlef, Algeria. The study addresses the theoretical framework of corporate governance and financial performance indicators, such as working capital, working capital requirements, and treasury, and examines how governance affects these indicators.*

The findings indicate that the implementation of sound governance standards enhances transparency and operational efficiency, thereby increasing the institution's attractiveness to investors. However, Algerian institutions face challenges including weak organizational structures, lack of managerial awareness, and legislative barriers. The financial data analysis of the Telouaz Company also revealed disparities in financial balance indicators, signaling the need to strengthen internal governance mechanisms.

The study further recommends the adoption of clear policies for cash and treasury management, the reinforcement of the Board of Directors' oversight role, the implementation of international standards in financial reporting, and the organization of training programs to raise awareness of the importance of governance

Keywords: Corporate Governance, Financial Performance, Investment, Financial Balance

JEL Classification: G34, G30, M41, L25

ملخص: تهدف هذه الدراسة إلى تحليل دور آليات الحوكمة في تحسين الأداء المالي للمؤسسات الاقتصادية، مع التركيز على حالة شركة التلواز للمصبرات في الشلف، الجزائر. تناولت الدراسة الإطار النظري للحوكمة المؤسسية ومؤشرات الأداء المالي، مثل رأس المال العامل واحتياجات رأس المال العامل والخزينة، وكيفية تأثير الحوكمة على هذه المؤشرات.

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حيث أظهرت النتائج أن تطبيق معايير الحوكمة الرشيدة يعزز الشفافية والكفاءة التشغيلية، مما يزيد من جاذبية المؤسسة للمستثمرين. ومع ذلك، تواجه المؤسسات الجزائرية تحديات مثل ضعف الهياكل التنظيمية ونقص الوعي الإداري والعوائق التشريعية. كما كشف تحليل البيانات المالية لشركة التلواز عن تباين في مؤشرات التوازن المالي، مما يدل على الحاجة إلى تعزيز آليات الحوكمة الداخلية .

كما توصي الدراسة بتبني سياسات واضحة لإدارة النقدية والخزينة، وتعزيز دور مجلس الإدارة في الرقابة، واعتماد معايير دولية في الإبلاغ المالي، وتنظيم برامج تدريبية لزيادة الوعي بأهمية الحوكمة .

الكلمات المفتاحية : حوكمة المؤسسة، الأداء المالي، الاستثمار، التوازن المالي

1. Introduction :

Amid rapid economic developments and intensifying competition in both local and global markets, economic institutions are increasingly required to adopt effective governance systems to ensure their sustainability and enhance their operational and financial efficiency. Corporate governance has emerged as a fundamental pillar for achieving transparency and accountability, as well as for reinforcing investor and shareholder confidence—factors that positively reflect on financial performance.

Nevertheless, many institutions—particularly in developing environments such as Algeria—face significant challenges in implementing sound governance standards. These challenges stem from weak organizational structures, limited managerial awareness, and legislative obstacles. Within this context, the central research problem of this study is formulated as follows:

What is the role of governance mechanisms in financial performance, and how do they contribute to enhancing the financial efficiency and competitiveness of economic institutions?

From this central question, the following sub-questions emerge:

- What are the main governance mechanisms implemented in economic institutions?
- What is the tangible impact of governance on financial performance indicators at the Telouaz Canning Company?
- What are the primary obstacles limiting the activation of governance mechanisms in Algerian institutions, and how can they be addressed?

Significance of the Study

This study is significant for several reasons:

- It contributes to enriching the literature on corporate governance and its relationship with financial performance, particularly within the Algerian agri-food industrial sector, which remains under-researched in this domain.
- It presents an analytical model that can be employed to evaluate the impact of governance on similar institutions.
- It aids decision-makers at the Telouaz Canning Company in understanding the extent to which governance influences financial performance and in taking corrective or improvement-oriented measures.
- It highlights the role of governance in attracting investment, as institutions that adhere to sound governance standards are generally more appealing to investors.

Objectives of the Study

This study seeks to clarify and understand the following:

- Define the fundamental concepts of corporate governance and financial performance indicators;
- Analyze the theoretical framework linking governance mechanisms to improvements in financial performance;
- Examine the state of governance at the Telouaz Canning Company by analyzing its administrative and financial structures.

Research Methodology

To examine the various dimensions of this study, the descriptive method was employed to elucidate the theoretical framework of governance and financial performance. Additionally, the analytical method was used to investigate the role played by governance mechanisms through an analysis of the financial data of the Telouaz Canning Company.

Previous Studies

- The study conducted by researcher Wahbi Linda, entitled “The Role of Financial Governance in Improving Financial Performance in Algerian Economic Institutions”, a Master’s thesis in the specialization of Financial Management of Institutions, University of Algiers 3, academic year 2015–2016. The central research question of this study was: What is the role of governance in improving the financial performance of economic institutions? The study concluded that governance mechanisms contribute to enhancing financial performance, as their application leads to profit generation, risk reduction, and an increase in market value—considered a fundamental determinant in investors' decision-making processes.

- The study conducted by Dr. Habi Ahmed and Dr. Zabidi Al-Bachir, entitled “The Role of Corporate Governance in Enhancing Financial Performance”, published as a scholarly article in Al-Manajir Journal, Issue No. 2. The research problem was formulated as: To what extent does the application of corporate governance improve financial performance? The study found that the contribution of sound governance principles provides a solid foundation for effective decision-making that serves all stakeholders, fosters equity, and promotes a sense of responsibility within the company—thus leading to improvements in financial performance.

Study Plan

To address the aforementioned research questions, the study will be structured around the following axes:

- The conceptual framework of corporate governance and its mechanisms;
- The theoretical foundation of financial performance in economic institutions and its relationship with governance;
- A case study of the Telouaz Canning Company in Chlef.

2. The Conceptual Framework of Corporate Governance and Its Mechanisms :

The concept of Corporate Governance is a relatively modern notion that has gained increasing importance over the past few decades, particularly as international organizations, governments, financial markets, and major investors have shown growing interest in it. This interest became especially prominent in the late 1990s and early 21st century, following a series of financial crises and economic collapses that affected numerous countries around the world, along with the bankruptcy of several major global corporations—most notably in the United States.

2.1. Definition of Corporate Governance

- **Linguistically :**

From a linguistic perspective, the term "governance" refers to control or rule—that is, the organization of affairs through the establishment of rules and standards that regulate relationships within organizations in a general sense. These mechanisms may take the form of guidance and direction, recourse to justice, or reliance on ethical frameworks to ensure the proper conduct of operations (al-khodari 2005, 08).

- **Terminologically**

- The **Organisation for Economic Co-operation and Development (OECD, 2004)** defines corporate governance as: *"a set of relationships between a company's management, its board of directors, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the*

- objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined."* (Abdelaziz December 4–5, 2012, 08)
- The **World Bank** defines good governance as: *"the optimal approach that seeks to address criticisms directed at states and corporations which question the legitimacy of top-down structural reforms."* (al-khodari 2005, 06)
 - The **International Finance Corporation (IFC)** defines governance as: *"the system by which companies are directed and controlled."* (Manawer Haddad October 15–16.2015)

Based on the aforementioned definitions, it can be concluded that governance refers to a set of rules, methods, and legal frameworks that enable an institution to make sound and rational decisions.

2.2.Key Stakeholders in Corporate Governance

The Key Stakeholders in Corporate Governance are as follows (Suleiman 2006, 13):

- **Shareholders:** These are the investors who finance the company by owning its shares, with the aim of achieving suitable returns on their investments and enhancing the company's long-term value. Shareholders have the right to elect members of the board of directors, who are responsible for safeguarding their interests.
- **Board of Directors:** The board represents the shareholders and other stakeholders. It is responsible for selecting the executive managers and delegating the authority to manage the company's daily operations while supervising their performance. The board also sets the company's general policies and ensures the protection of shareholder rights.
- **Management:** The executive management holds the actual responsibility for running the company and providing performance reports to the board of directors. They are focused on maximizing the company's profits and increasing its value while ensuring disclosure and transparency in the information shared with shareholders.
- **Stakeholders:** These include various parties with vested interests in the company, such as creditors, suppliers, workers, and employees. It is important to note that these interests may sometimes diverge or conflict. For example, creditors are primarily concerned with the company's ability to continue operating and meet its financial obligations.

2.3.Governance Mechanisms :

The Implementation of Corporate Governance Requires the Reliance on a Set of Fundamental Mechanisms, Which are Divided into Internal and External Mechanisms as Follows (Dehimi May 6–7, 2012, 15):

2.3.1. Internal Mechanisms of Corporate Governance :

- **Major Shareholders :**

Major shareholders play a crucial role in corporate governance, as they bear the responsibility of electing their representatives to the board of directors. Among them, there is a category that holds a larger share of the company's capital, referred to as "major shareholders." These shareholders have a prominent role in monitoring the company's management, benefiting from their ownership rights to influence key corporate decisions.

- **Board of Directors :**

The board of directors is one of the internal mechanisms of corporate governance. It plays a fundamental role in overseeing the executive management and monitoring the company's performance. The board's primary objective is to safeguard the interests of shareholders and enhance the value they seek to achieve from their investments.

- **Internal Auditors :**

The internal audit function is a vital and essential aspect of corporate governance in every company. Internal auditors contribute to identifying errors, deviations, and inefficiencies, ensuring that various departments comply with the regulations and standards governing their operations. To accomplish this, companies establish an internal audit function to monitor negative practices and address them promptly.

2.3.2. External Mechanisms of Corporate Governance :

- **The Market as a Monitoring Mechanism :**

Markets serve as a regulatory mechanism that contributes to monitoring the evolution of the business environment within a country. They reflect the effectiveness of legislative systems and institutions in organizing and regulating corporate management behaviors. By providing signals through stock prices, trading volumes, and investor sentiment, markets can reveal the efficiency of corporate governance practices.

- **External Auditors :**

External auditing is the process of examining a company's financial statements and accounting records, typically carried out by independent auditors. These auditors provide an objective opinion on the accuracy of the financial statements and the true state of the company. Their role is critical in ensuring the credibility and transparency of financial reporting, thereby fostering trust among shareholders and other stakeholders.

- **Creditor Monitoring :**

Companies often rely on both internal and external sources of finance to meet their financial needs. Among external sources, borrowing from banks and financial institutions is a common practice. Through leveraging, companies

can benefit from increased financial capacity. However, companies that have significant debt obligations are often closely tied to their creditors, who, in turn, have a vested interest in the company's governance. This relationship increases the likelihood of creditor intervention in cases of governance issues. Therefore, creditors act as a powerful external monitoring mechanism, similar to major shareholders, to ensure proper management and the protection of their financial interests.

3. Theoretical Foundation of Financial Performance in Economic Institutions and Its Relationship to Governance:

Performance is a Fundamental and Significant Concept for Business Organizations in General, Serving as a Common Ground of Interest for Management Scholars.

Financial performance in companies and institutions of all types has garnered increasing attention from researchers, scholars, administrators, and investors. Optimal financial performance is considered the only way to ensure the survival and continuity of a company. This is because strong financial performance not only demonstrates the company's ability to generate profits and manage resources effectively but also reflects its long-term sustainability, competitiveness, and ability to meet stakeholder expectations.

3.1. Concept of Financial Performance :

Financial performance represents the narrower concept of corporate performance, focusing on the use of financial indicators to measure the extent to which objectives are achieved. Financial performance truly reflects the performance of companies, as it forms the core foundation for the various activities undertaken by the company. It also contributes to providing financial resources and creates investment opportunities in various performance areas, thus helping meet the needs of stakeholders and achieving their objectives.

3.1.1. Definition of Financial Performance :

Financial performance is considered the specific domain of a company's success, as it is used as a primary method for achieving the financial objectives of the organization, extending beyond that to include general and strategic goals. Some define financial performance by focusing on the objectives, viewing it as "a reflection of the company's ability and capacity to achieve its goals." This is an expanded definition that links financial performance to the broader goals of the organization.

In contrast, others define financial performance as an end result, without focusing on the methods used. They define it as "the final outcome of the company's activities."

Despite the varied definitions of financial performance due to its continuous use and application in different contexts, there is a common denominator among these definitions: the economic institution's ability to achieve its defined financial objectives and to utilize its resources optimally (Al-Khatib 2010, 12).

3.1.2. Importance of Financial Performance :

The importance of financial performance, in general, lies in its ability to evaluate the performance of companies from multiple perspectives in a way that serves data users who have financial interests in the company. This helps in identifying areas of strength and weakness within the company and utilizing the data provided by financial performance to guide users' financial decisions (Al-Khatib 2010, 20).

In general, the importance of financial performance can be summarized in its ability to highlight the following aspects:

- Evaluation of the company's profitability.
- Evaluation of the company's liquidity.
- Evaluation of the company's business activity growth.
- Evaluation of the company's indebtedness.
- Evaluation of the company's dividend distribution growth.
- Evaluation of the company's size growth.

3.1.3. Factors Affecting Financial Performance

The factors influencing the financial performance of an economic institution are divided into internal factors related to the organizational structure and internal operations, and external factors linked to the surrounding economic environment of the institution (Al-Sharif 2009, 101).

- **Internal Factors :**

The most important internal factors influencing financial performance are summarized in the following points:

- **Organizational Structure:** The organizational structure affects financial performance by distributing tasks and responsibilities related to the financial function, which helps define the required activities and allocate the necessary resources for their implementation.

- **Organizational Climate:** This refers to the clarity of the organizational setup within the institution, and the awareness among employees of how the organization's objectives, processes, and activities relate to financial performance.
- **Technology:** This refers to modern methods and skills that support the achievement of desired goals, such as demand-based production technology, continuous improvement technology, and others.
- **Size of the Institution:** The size and classification of an institution may have either a negative or positive impact on financial performance. On the negative side, large organizations may face challenges in financial performance due to increased complexity and interrelated management tasks. On the positive side, the larger size of the institution necessitates the presence of more financial analysts, which contributes to improving the quality of financial performance. This scenario is generally considered the more realistic one.
- **External Factors :**
Financial performance is influenced by a range of external factors that are beyond the institution's control, such as general economic conditions, economic policies, and others. In general, the most prominent external factors affecting financial performance are:
 - **Market:** The market affects financial performance through the law of supply and demand. If the market is characterized by growth and high demand, it will have a positive impact on financial performance. Conversely, in the opposite situation, where demand declines or market activity slows down, this will result in a decline in financial performance.
 - **Competition:** Competition is a double-edged sword for financial performance in an economic institution. It can serve as a motivation for improving financial performance, as the company is compelled to enhance its financial performance in order to cope with competitive pressures. This, in turn, improves its image and financial position in an attempt to meet these challenges.
 - **Economic Conditions:** General economic conditions affect financial performance either negatively or positively. For example, economic crises or inflationary periods may negatively impact financial performance. On the other hand, a rise in aggregate demand or government support for specific production areas may reflect positively on financial performance.

3.2. Indicators of Financial Balance :

There are several indicators that financial managers rely on to measure the financial balance of an institution, and some of the most prominent of these are:

3.2.1. Working Capital (Net or Permanent):

Working capital is considered one of the key indicators that an institution uses to demonstrate its financial balance in the long term. When an institution resorts to permanent funds, these are typically used to acquire productive investments rather than to cover fixed assets. Therefore, the institution must maintain a minimum level of working capital that balances the cost of funds and their associated risks (Essam 2012, , 07).

Working capital is calculated using one of the following formulas:

In the Long Term: Working Capital = Permanent Funds – Fixed Assets

In the Short Term: Working Capital = Current Assets – Short-Term Liabilities

3.2.2. Working Capital Requirements:

The working capital requirements are studied in the short term, where short-term liabilities, unless due for repayment, are considered as resources for the operating cycle. As for current assets that have not yet been converted into liquidity, they are referred to as operating cycle requirements. Financial managers aim to leverage financial resources to activate the operating cycle while ensuring a balance between the due dates of resources and the liquidity of requirements (Essam 2012, , 75).

The working capital requirements are calculated using the following formula:

Working Capital Requirements = (Current Assets – Ready Assets)
(Short-Term Liabilities – Bank Loans)

3.2.3. Treasury:

Treasury management is considered the central focus of liquidity management, where the conflict between liquidity and profitability becomes clearly evident. An increase in the value of the treasury enhances the institution's ability to settle its liabilities quickly, thus contributing to solving the problem of meeting the institution's obligations towards its creditors. However, maintaining large amounts in the treasury may lead to a reduction in the potential financial returns from investments, which affects profitability (Lselous 2004, 35).

Certainly. Here's the formal academic translation of the phrase:

Treasury = Ready Assets – Bank Loans

Treasury = Working Capital – Working Capital Requirements

3.3.The Impact of Sound Governance Practices on Improving Financial Performance:

Sound governance practices will help institutions and the economy in general attract investments, support economic performance, and enhance long-term competitiveness through various methods and approaches, including (Naima Yahiaoui May 6–7, 2012,, 12):

- By emphasizing transparency in the institution's transactions and financial accounting and auditing procedures. Governance counteracts one side of the corruption relationship that leads to the depletion of the institution's resources and the erosion of its competitiveness, ultimately driving investors away.
- Governance procedures improve the management of the institution by assisting managers and the board of directors in developing a sound strategy for the institution and ensuring that merger decisions are made based on solid foundations, thereby helping institutions attract quality investments.
- By adopting transparency standards in dealings with investors and employees, governance helps prevent banking crises.
- Research indicates that countries that implement governance to protect minority shareholders open doors to a larger number of capital markets.
- The impact of governance practices on the financial performance of institutions can only be effective if the following characteristics are present in the governance structure:
 - The ability to guarantee that the agent makes decisions aligned with the contract established between the agent and the owner (the shareholders) and ensure the continuity of capital flow to finance the institution.
 - Reducing the effects of information asymmetry between managers and capital providers, which can lead to the loss of lender (financier) wealth.
 - The ability to protect the interests of shareholders and reduce financial and administrative manipulation, as well as address fraud and deceit aimed at depriving the institution of its resources and funds.

4. Case Study of Telloise Company for Canning Industry, Chlef :

This section presents a case study of Telloise Company, which operates in the industrial sector in the Chlef Province. It involves the study and analysis of the company's financial equilibrium indicators during the period (2021, 2022, and 2023), and drawing conclusions regarding the effectiveness of its financial governance mechanisms (Company 2007.).

4.1.- Definition of Telloise Canning Company, Chlef :

In July 2007, the Telawaz unit and all units affiliated with the parent company ENAJUC in Chlef were privatized and transformed into a single-member limited liability company (EURL) under the name 'EURL LA TELLOISE'. In March 2010, it was

restructured into a limited liability company (SARL) under the name 'SARL LA TELLOISE'. At that time, the company's total capital was estimated at approximately 70,000,000 DZD. The company is equipped with the latest machinery and equipment used in the food canning industry, with an annual production capacity of approximately 4,000 tons. It employs around 250 permanent workers (D. o. Company , 2010.).

4.2.The Establishment of Telloise Canning Industry in Chlef :

Telloise is a company of relatively recent establishment, having been allocated by the state and subsequently purchased by the private investor Azouz Henni Abdelkader in 2007. This acquisition was made in accordance with the founding contract, which designated the company as a sole proprietorship with limited liability, effective from August 22, 2007. On November 18, 2010, the founding contract of the company was amended to convert it into a limited liability company following the death of the project's original owner, and the inclusion of his children and brother in the company. In December 2013, the company began to expand with the support of the National Investment Development Agency, based on a decision granting implementation advantages issued on December 23, 2013, under number 2013/09/2629/0. This decision allowed the company to benefit from fiscal and customs incentives for the raw materials required for its expansion. The final cost of expanding the company was estimated at approximately 202,370,000 DZD, excluding value-added tax.

4.3.Study of Financial Balance:

In this section, we will examine the indicators related to the financial balance of the Telawaz Canning Industry in Chlef.

- **Working Capital Indicator :**

The working capital is calculated as follows:

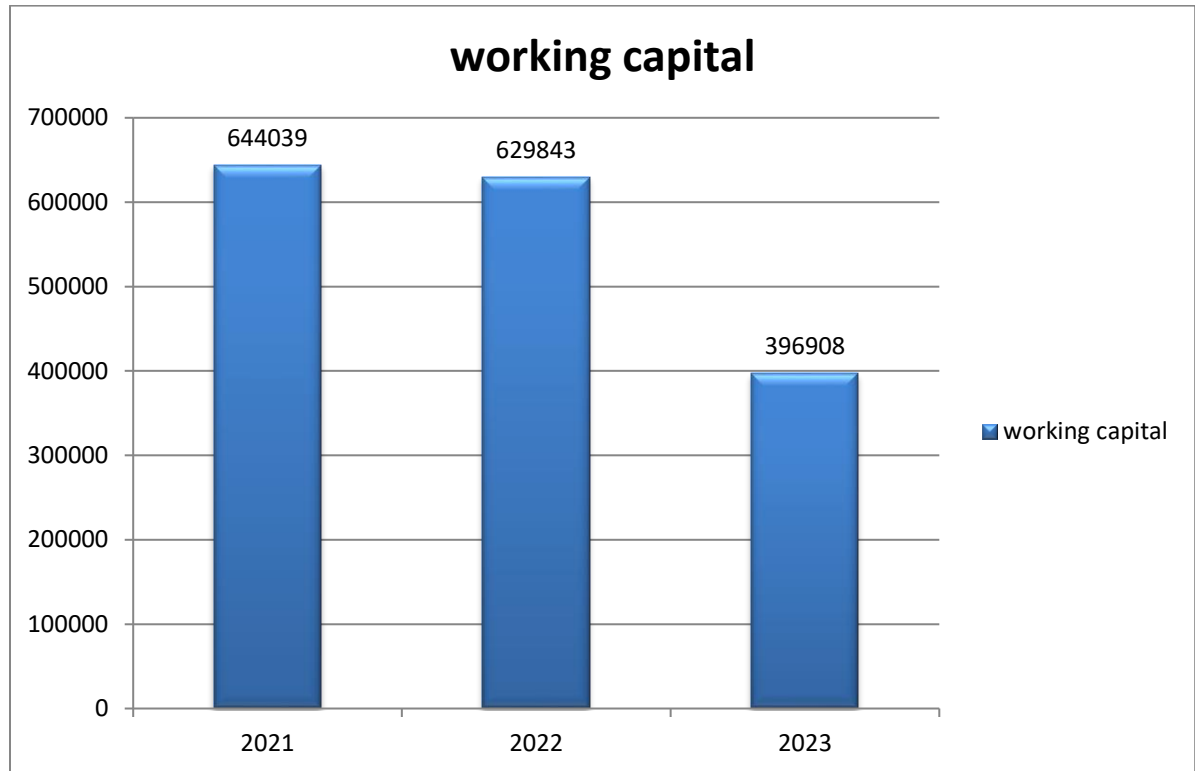
$$\text{Working Capital} = \text{Permanent Funds} - \text{Fixed Assets}$$

Table 01: Development of Working Capital for Telloise Company, Chlef (2021-2023)

In Thousands of dinars			
Statement	2021	2022	2023
Equity	1,527,280	1,647,563	1,768,760
Capital	900,120	900,120	900,120
Other Equity	360,640	539,400	667,560
Result	266.520	208.043	201.080
Long-term Debts	867,159	1,131,480	1,120,700
Bank Loans	638,750	783,520	865,120
Other Non-current Debts	228,409	347,960	255,580
Permanent Funds	2,394,439	2,779,043	2,889,460
Fixed Assets	1,750,400	2,149,200	2,492,552
Working Capital	644,039	629,843	396,908

Source: Prepared by the researcher based on the financial statements for the years 2021, 2022, and 2023 of Telloise Company.

Figure 01: Development of Working Capital for Telloise Company, Chlef (2021-2023)



Source: Prepared by the researcher based on the data from Table 01.

Based on the table and figure mentioned, we conclude that the working capital indicator for the company remained positive during the study years, which indicates the company's ability to finance its fixed assets using its permanent funds. This allows the company to generate a surplus, which it can use to cover its operating cycle.

Although the company finances its fixed assets with permanent funds, it faces an imbalance in financial stability. It was observed that the working capital increased in 2022 compared to 2021, due to an increase in profits and bank loans. However, the indicator declined in 2023 as the company established a new workshop for the production of product packaging.

- **Working Capital Requirements Indicator :**

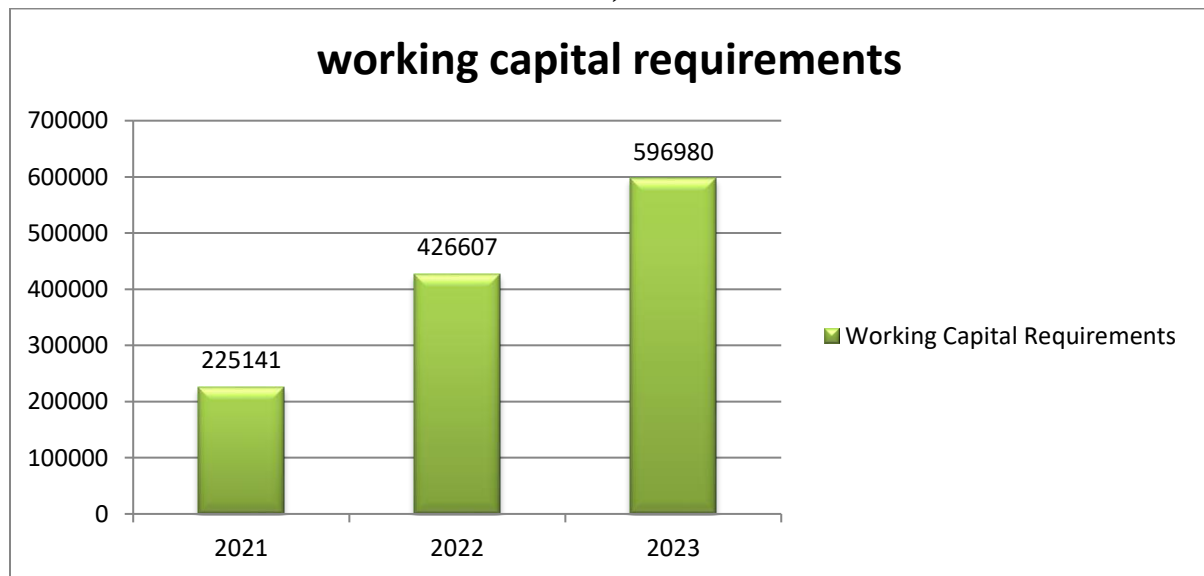
The Working Capital Requirements is calculated as follows:

$$\text{Working Capital Requirement} = (\text{Operating Values} + \text{Realizable Values}) - (\text{Short-term Debts} - \text{Bank Loans})$$

Table 02: Calculation of Working Capital Requirements for Telloise Company (2021-2023)

In Thousands of dinars			
Statement	2021	2022	2023
Operating Values	584,770	856,520	910,530
Raw Material Inventory	402,003	620,023	529,640
Finished Product Inventory	182,767	236,497	380,890
Realizable Values	430,520	656,142	872,654
Customers	397,050	497,550	618,230
Other Rights	33,470	158,592	254,424
Short-term Debts	790,149	1,086,055	1,186,204
Suppliers	574,160	764,150	829,280
Other Debts	215,989	321,905	356,924
Working Capital Requirement	225,141	426,607	596,980

Source: Prepared by the researcher based on the financial statements for the years 2021, 2022, and 2023 of Telloise Company.

Figure 02: Calculation of Working Capital Requirements for Telawaz Company (2021-2023)

Source: Prepared by the researcher based on the data from Table 02.

Based on the calculation of working capital requirements for the three years, it is evident that they are positive and tend to increase. This is attributed to the rise in operating values and realizable values, indicating that the financing needs surpass the

available funding resources. As a result, the company settles its short-term debts using current assets, excluding ready values, and resorts to the safety margin to cover the financing gap.

- **Treasury Indicator :**

Treasury Calculation is :

$$\text{Treasury} = \text{Working Capital} - \text{Working Capital Requirements}$$

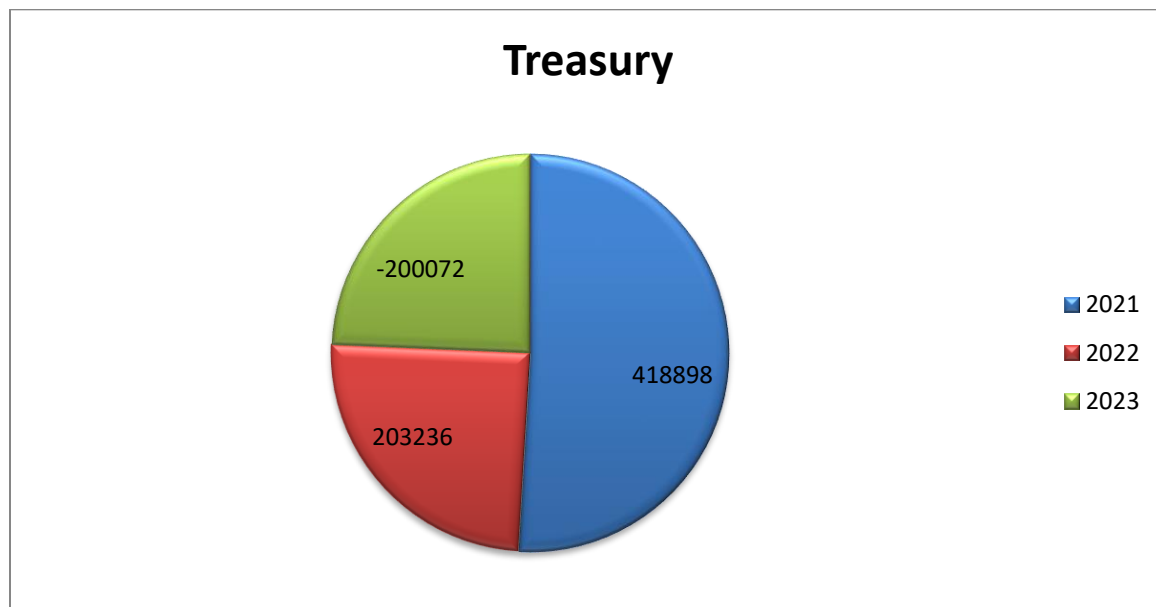
Table 03: Calculation of Treasury for Telloise Company (2021-2023)

In Thousands of dinars

Statement	2021	2022	2023
Working Capital	644,039	629,843	396,908
Working Capital Requirement	225,141	426,607	596,980
Treasury	418,898	203,236	(200,072)

Source: Prepared by the researcher based on Table 01 and Table 02.

Figure 03: Calculation of Treasury for Telloise Company (2021-2023)



Source: Prepared by the researcher based on the data from Table 03.

Based on the table and figure mentioned, we observe the following:

- In 2021, the treasury was positive, indicating a financial balance between working capital and working capital requirements. That is, working capital exceeded the working capital requirement, resulting in cash liquidity for the company that year.
- In 2022, the treasury decreased due to an increase in working capital requirements and a rise in working capital.
- In 2023, the treasury became negative, indicating that working capital became less than the working capital requirement. This led to an imbalance in the treasury due to a lack of liquid funds.

4.4. Results of Using Governance Mechanisms for Financial Balance Indicators in the Economic Institution "Telloise":

Governance mechanisms play a crucial role in enhancing the financial performance of economic institutions, particularly in terms of financial balance indicators. Based on the results obtained from our study of financial balance indicators and the company's approach to adopting modern operational methods, as directed by the manager of Telawaz Company, we have reached the following conclusions:

- **Working Capital:** The role of governance mechanisms in managing working capital includes the following:
 - **Policies and Control:** Establishing clear policies for managing cash, inventory, and receivables/payables, such as credit terms granted to customers or negotiating payment terms with suppliers.
 - **Operational Efficiency:** Ensuring optimal use of resources to avoid unnecessary immobilization of funds in inventory or receivables.
 - **Periodic Reporting:** Monitoring indicators such as the Current Ratio and Quick Ratio to ensure liquidity balance.
- **Working Capital Requirements:** Governance mechanisms in managing working capital requirements aim to:
 - **Strategic Planning:** Precisely determining needs through the analysis of the Cash Conversion Cycle and minimizing the gap between revenue collection and liability payments.
 - **Risk Management:** Reducing fluctuations by diversifying sources of short-term financing and avoiding over-reliance on creditors.
 - **Transparency:** Ensuring the accuracy of financial data to report actual needs, contributing to avoiding funding shortages or underutilized surpluses.
- **Treasury Management:** Governance mechanisms in managing the treasury aim to achieve the following:
 - **Cash Flow Monitoring:** Ensuring real-time systems are in place to monitor incoming and outgoing cash flows.
 - **Compliance and Commitment:** Implementing international standards like BASEL III for liquidity management and avoiding uncalculated risks.

- **Optimal Investment:** Employing cash surpluses in low-risk investment instruments while maintaining liquidity.
- **Financial Hedging:** Using tools such as futures contracts or options to mitigate risks related to exchange rates or interest rates.
- **Joint Impact on Financial Performance:**
 - **Improved Profitability:** Reducing financing costs through efficient working capital management and increasing return on investment.
 - **Enhanced Liquidity:** Avoiding liquidity crises by forecasting working capital requirements and managing the treasury effectively.
 - **Risk Reduction:** Ensuring stable cash flows and protecting the institution from external shocks through hedging mechanisms.
 - **Transparency and Trust:** Attracting investors and creditors through reliable financial reporting that reflects management efficiency.

5. Conclusion :

This study addressed the role of governance mechanisms in improving the financial performance of economic institutions, with a focus on the case of Telawaz Canning Company in Chlef. The results demonstrated that the application of sound governance standards significantly contributes to enhancing transparency, improving operational efficiency, and increasing the company's attractiveness to investors. The study also revealed the challenges faced by Algerian institutions in implementing these mechanisms, such as weak organizational structures and a lack of managerial awareness.

In light of the increasing economic challenges, the application of sound governance mechanisms remains a critical factor in ensuring the sustainability of institutions and improving their financial performance. Adopting the recommended measures can help Telawaz Company and similar institutions enhance their competitiveness and attract investments, which will have a positive impact on the national economy as a whole.

5.1.Findings:

- Governance mechanisms contribute to improving financial performance indicators, such as working capital and cash flows, thereby enhancing the financial stability of the institution.
- Companies that implement governance standards enjoy greater attractiveness to investors due to transparency and accountability.
- The financial data analysis of the company showed fluctuations in financial balance indicators, such as treasury and working capital requirements, highlighting the need for stronger internal governance mechanisms.

- A gap exists between resources and financial needs in certain years, necessitating improvements in liquidity management.
- Weak organizational structures and a lack of awareness about the importance of governance in Algerian institutions.
- Legislative barriers and an occasionally unstable economic environment.

5.2.Recommendations:

- Develop clear policies for managing cash, inventory, and receivables to improve the efficiency of working capital.
- Strengthen the role of the Board of Directors in overseeing financial and administrative decisions.
- Adopt international standards in financial reporting to ensure data accuracy and increase investor confidence.
- Publish periodic reports outlining financial performance and the governance mechanisms in place.
- Organize training programs for management and staff on the importance of governance and how to implement governance mechanisms.
- Raise awareness about financial hedging tools to manage risks.

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