Corporate Governance of General Partnerships in Algerian Law
حوكمة شركات التضامن في القانون الجزائري

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Date of submission: 02/10/2025 Date of acceptance: 03/12/2025
Date of publication: 25/12/2025

Abstract:

This research addresses the topic of corporate governance in general partnership companies under Algerian law, by highlighting the particularity of this type of company, which is essentially based on the element of personal consideration and mutual trust among partners. Despite its advantages of simplicity in establishment, flexibility in management, and the strength of joint liability, it may face challenges related to the absence of a clear organizational structure or conflicts of authority. Here emerges the importance of governance as a modern mechanism for regulating internal relations and ensuring transparency and accountability, which contributes to strengthening trust among partners and external stakeholders, reducing conflicts, and reinforcing the company's financial and legal position. The study concluded that integrating governance principles into general partnership companies is not an administrative luxury, but rather a practical necessity to increase their efficiency, enhance their competitiveness, and ensure their continuity in a changing business environment.

Keywords: corporate governance, general partnership companies, Algerian law, joint liability, mutual trust, transparency.

الملخص:

يتناول هذا البحث موضوع حوكمة شركات التضامن في القانون الجزائري، من خلال إبراز خصوصية هذا النوع من الشركات الذي يقوم أساسًا على عنصر الاعتبار الشخصي والثقة المتبادلة بين الشركاء. ورغم ما تتميز به من بساطة في التأسيس ومرونة في الإدارة وقوة في المسؤولية التضامنية، إلا أنها قد تواجه تحديات

♦ **Author Sent**

مرتبطة بغياب هيكل تنظيمي واضح أو تضارب الصلاحيات. وهنا تظهر أهمية الحوكمة باعتبارها آلية حديثة لتنظيم العلاقات الداخلية وضمان الشفافية والمساءلة، بما يسهم في تعزيز الثقة بين الشركاء والمتعاملين الخارجيين، ويحد من النزاعات ويقوي المركز المالي والقانوني للشركة. خلصت الدراسة إلى أن إدماج مبادئ الحوكمة في شركات التضامن لا يعد ترفًا إداريًا، بل ضرورة عملية لزيادة كفاءتها وقدرتها التنافسية وضمان استمراريتها في بيئة أعمال متغيرة.

الكلمات المفتاحية: حوكمة الشركات، شركات التضامن، القانون الجزائري، المسؤولية التضامنية، الثقة المتبادلة، الشفافية.

Introduction:

In recent decades, the world has witnessed remarkable developments in the economic and legal environment, which has led to the emergence of new mechanisms for organizing and managing institutions in their various forms. Among the most prominent of these mechanisms is the concept of corporate governance, which is one of the modern concepts linked to global economic transformations. It represents a set of rules and practices aimed at achieving transparency and fairness, ensuring accountability, and enhancing trust among the different stakeholders of the company. The adoption of governance has become an urgent necessity in light of the challenges companies face, whether those challenges are related to financial risks, the complexity of commercial transactions, or the increase in market competition.

On the other hand, general partnerships are considered one of the oldest and most important forms of commercial companies, as they are based on personal consideration and mutual trust between partners, who are all jointly liable for the debts and obligations incurred by the company. Despite the simplicity of their structure and ease of establishment, their nature—based on joint and unlimited liability of the partners—makes them vulnerable to a number of risks, especially in the absence of effective mechanisms to regulate the relationship between the partners on the one hand, and between the company and its external stakeholders on the other hand.

Accordingly, studying the subject of governance in general partnerships acquires special importance, as it raises a fundamental question about the extent to which governance principles and mechanisms can be employed to improve the performance of this type of company, ensure its continuity, and reduce the risks that may threaten its survival. This study also aims to fill a gap in the scientific literature, since most previous research has focused on applying governance in large companies, especially joint-stock companies,

while personal-type companies—foremost among them general partnerships—have received less attention despite their importance in economic activity, particularly in local environments and emerging economies.

Based on the above, it can be said that research on this topic is not limited to the theoretical aspect only but extends to the practical and applied dimension, through attempting to adapt governance mechanisms to the nature of general partnerships, thereby enhancing their effectiveness and making them more capable of adapting to the modern business environment. From this emerges the research problem, which can be formulated in the following question: **How do governance mechanisms in general partnerships contribute to enhancing their institutional performance and ensuring their continuity?**

Sub-questions

1. What is the concept of governance, its main objectives, and its fundamental principles?
2. What are the distinctive characteristics of general partnerships and the legal framework governing them?
3. How is the management of general partnerships exercised in terms of the powers and responsibilities of the partners?
4. What are the most prominent advantages and disadvantages of general partnerships?
5. What is the role of governance mechanisms in overcoming disadvantages and enhancing advantages within general partnerships?

Research Hypotheses

1. Governance mechanisms contribute to enhancing transparency and reducing risks in general partnerships.

2. The application of governance principles helps regulate the relationship between partners and reduces conflicts.

3. Governance represents an effective tool for improving institutional performance and ensuring the continuity of general partnerships.

Research Importance

The importance of this research lies in addressing a modern and vital subject, namely the integration of governance mechanisms within general partnerships. Most previous studies have focused on large (joint-stock) companies while neglecting personal-type companies. Its significance also appears in the practical aspect by highlighting the role of governance in

reducing the risks faced by partners and enhancing the confidence of stakeholders dealing with the company.

Research Objectives

1. To identify the concept of governance, its objectives, and its fundamental principles.

2. To highlight the characteristics of general partnerships and the legal framework governing them.

3. To clarify the nature of the management of general partnerships and the powers of the partners.

4. To examine the main advantages and disadvantages of general partnerships.

5. To analyze how governance mechanisms contribute to improving the performance of general partnerships and overcoming their challenges.

Research Methodology

The research will rely on the descriptive-analytical method, through reviewing the theoretical concepts related to governance and general partnerships, then analyzing the interrelation between them from the legal, organizational, and practical perspectives, while relying on jurisprudential and legal references and previous related studies.

I. Corporate Governance

I.1. Concept of Corporate Governance: Definition, Origin, and Development

1.1 Definition of Corporate Governance:

Corporate governance is defined as a set of controls, procedures, and internal processes that regulate the management of the company. It also encompasses all the rules, regulations, and policies aimed at achieving the highest levels of protection and balance between the interests of company managers, shareholders, and other stakeholders associated with the company[1].

Researchers have presented the concept of corporate governance from multiple perspectives. According to Magdy and Nadra (2002), corporate governance is about ensuring the effective management of business operations in a way that guarantees investors a fair return on their

[1] Riham Mamdouh Shalabi, Corporate Governance, Al-Yazouri Scientific House, 1st ed., Amman, Jordan, 2024, p. 103.

investments. This definition provides a focused view on business viability and the rights of investors[1].

The Organization for Economic Cooperation and Development (OECD) defines corporate governance as: "the distribution of rights and responsibilities among different participants in the corporation, such as the board of directors, the executive management, shareholders, and stakeholders, with the application of clear rules and procedures that govern the process of decision-making within the company."[2]

Corporate governance consists of five main elements that the board of directors should take into account[3]:

- Long-term strategic objectives,
- Human resources across time: past, present, and future,
- The environment and society,
- Customers and suppliers,

1.2. The Emergence of Corporate Governance

The concept of governance has existed for a long time. In its early stages, it focused on simple issues such as the actual exercise of authority, issuing directives, and strengthening control. However, governance today has come to carry deeper dimensions with greater impact on management and economic systems.

Aristotle addressed the concept of "good governance" in his writings to describe a state ruled by a just and fair leader. This concept remained associated with a set of ethical values and principles such as justice, honesty, patience, wisdom, courage, goodwill, and avoiding injustice as well as the misuse of power and influence. Thus, good governance is not merely the exercise of authority, but rather a process based on invoking integrity and ethical values to ensure the effectiveness of management and the soundness of decisions made[4].

The concept of corporate governance originated with the emergence of the modern corporate form, which created the possibility of conflicts between

[1] Salahuddin Yousuf (Corresponding author), "The Concept of Corporate Governance and Its Evolution in Asia," Research Journal of Finance and Accounting, Vol. 6, No. 5, 2015, p. 19.
[2] Matteo Rossi, Marco Nerino, Arturo Capasso, corporate governance and financial performance of italian listed firms- the results of an empirical research, Corporate Ownership & Control, Volume 12, Issue 2, Winter 2015, p 628.
[3] Dyck, Alexander, Adair Morse, and Luigi Zingales. "Corporate Governance, Control, and Individualism as a Legal Construct." Journal of Corporate Finance 18, no. 2 (2012): 445-460. Accessed September 29, 2025, p 63.
[4] Abdelmajid Kamoush, Commitment of Joint-Stock Companies to the Principles of Corporate Governance – An Evaluative Study of Companies Listed on the Algiers Stock Exchange, Master's Thesis in Management Sciences, Faculty of Economic, Commercial, and Management Sciences, Ferhat Abbas University 1, 2014–2015, p. 18.

investors and managers. The history of governance is closely linked to the establishment of major companies such as the East India Company, the Hudson's Bay Company, the Levant Company, and others that appeared in the 16th and 17th centuries[1].

Table No. (01): Historical Summary of Corporate Governance

Year	Events	Country
1932	Berle and Means publish their famous work *The Modern Corporation and Private Property*.	United States
1933	Issuance of the first legislation to regulate the securities market.	United States
1934	Issuance of the Responsibility Delegation Act to rescue the Securities Exchange Commission.	United States
1967	The European Union adopts the first directive law for corporations.	European Union
1968	Issuance of the Treadway Commission report on fraud in financial reporting, emphasizing the role of audit committees and setting a framework for internal control.	United States
Early 1990s	Reports on the collapse of several business empires such as *Polly Peck* and *Maxwell*, which called for improving corporate governance practices.	United Kingdom
1992	The Cadbury Committee publishes the first report titled *Financial Aspects of Corporate Governance*.	United Kingdom
1994	Toronto Stock Exchange report titled *Where Were the Directors?*, urging Canadian corporations to include more concrete information on governance practices in their annual reports.	Canada
1994	Issuance of the *Rutteman* Report on internal control, the *Greenbury* Report on executive compensation, and the *Hampel* Report on corporate governance.	United Kingdom
1995	Adoption of the Russian Joint-Stock Companies Law.	Russia
1995	Publication of the Vienot Report on the responsibilities and independence of boards.	France
1995	Issuance by the Australian Investment Managers' Association of a statement including standards for boards of directors regarding disclosure in the process of selecting senior managers in corporations.	Australia
1995	Establishment of the International Corporate Governance Network to ensure the implementation of corporate governance in all markets.	United Kingdom
1996	Publication of the Jaap Peters Report on best practices in corporate governance.	Netherlands
1996	Adoption of the Russian Securities Market Law.	Russia

[1] Cheffins, Brian R. "The History of Corporate Governance." ECGI Working Paper No. 184/2012, University of Cambridge, January 2012. Accessed September 30, 2025. Available at: https://www.ecgi.global/sites/default/files/working_papers/documents/SSRN-id1975404.pdf

1997	Publication of the Combined Code on Corporate Governance.	United Kingdom
1999	Issuance of the first international standards on principles of corporate governance by the OECD.	Group of Countries
1999	Publication of the Turnbull Guidelines on internal control.	United Kingdom
2002	The Enron scandal and other corporate scandals led to the enactment of the *Sarbanes-Oxley Act* in the United States and corporate law reforms in Europe.	United States and Europe
2003	Publication of the Higgs Report on non-executive directors.	United Kingdom

Source: Abduladhim ben Mohsen Al-Hamdi, Corporate Governance, 1st ed., National Book House, Sana'a, Yemen, 2020, pp. 10–11.

I.2. Objectives of Governance

Corporate governance aims to achieve a number of fundamental objectives that ensure the company is managed properly and responsibly. The most important of these are[1]:

Transparency: This means openness and full disclosure of information, eliminating ambiguity and secrecy, and making all matters clear and subject to monitoring and auditing.

Accountability: This grants shareholders the right to hold the executive management accountable for its performance, a right stipulated in laws and governance regulations. It also ensures the responsibility of management and the board towards shareholders.

Responsibility: This aims to enhance the sense of responsibility among board members so that each member acts with high ethics and professionalism, while recognizing the legal rights of shareholders such as profit generation, job creation, and achieving economic sustainability.

Fairness: This means equitable treatment of all shareholders, whether major or minor, local or foreign, granting each shareholder the right to vote and participate in the general assembly, to hold the board accountable, and to receive their share of profits.

I.3. Basic Principles of Governance

Since 1999, the Organization for Economic Cooperation and Development (OECD) has issued corporate governance principles that have become a global reference for policymakers, investors, companies, and

[1] Moussa Duraid, Samir Ben Barah, "The Impact of Realizing Corporate Governance Objectives in Avoiding Financial Failure in Algerian Economic Enterprises – A Field Study of a Sample of Economic Institutions in Batna Province," Journal of Legal and Economic Studies, Vol. 6, No. 2, 2023, pp. 854–855.

stakeholders. These principles aim to provide a specialized guide adaptable to the circumstances of each country or region, whether or not they are members of the organization.

The basic principles focus on[1]:

– Protecting the rights of all shareholders and ensuring fair treatment for them, whether they are minorities or foreigners.
– Enabling all shareholders to obtain effective compensation in case their rights are violated.
– Recognizing the rights of third parties of interest and enhancing cooperation between them and companies to achieve sustainable financial growth and provide job opportunities.
– Ensuring that all parties have access to the necessary information in a timely manner, including financial status, performance, and share ownership.
– Providing effective strategic guidance and efficient monitoring of management through the board of directors and its responsibilities towards shareholders.

I.4. The Importance of Governance in Improving Institutional Performance

With the rise of globalization and the complexity of business, the private sector has become the main driver of growth in both developed and developing countries. Companies are legal entities created by societies as an effective form of organization that benefits the community through their contribution to economic growth and development, which in turn leads to higher living standards, poverty reduction, and greater political stability.

As Gregory and Simms (1999) pointed out, the quality of corporate governance directly affects[2]:

– The efficiency of asset utilization by the company,
– Its ability to attract low-cost capital,
– Its ability to meet societal expectations,
– And the overall performance of the company.

Corporate governance is also considered a fundamental element for the success and sustainability of companies, for several reasons, including[1]:

[1] Manuel Alfonso Garzón Castrillón, "The Concept of Corporate Governance," Revista Científica Visión de Futuro, Vol. 25, No. 2, 2021, p. 182.
[2] Shafi Mohamad, "The Importance of Effective Corporate Governance," September 2004, SSRN Electronic Journal. Mohamad, De S. "The Importance of Effective Corporate Governance." Accessed September 29, 2025. ResearchGate.

– Providing a framework that helps in effective decision-making and strategic planning.
– Enhancing accountability and transparency within the company.
– Building strong trust between employees and stakeholders.
– Enabling the company to adapt quickly to market changes.
– Improving the company's reputation in the market.
– Reducing financial risks and risks that may harm the company's reputation.
– Promoting ethical behavior to ensure compliance with laws and regulations.

II. General Partnerships

A general partnership – like partnerships in general – is formed by a limited number of partners who usually have prior acquaintance and personal qualities that drive them to collaborate. It is also called a "partnership of shares" because each partner contributes a share to the capital in exchange for a share of the profits. Personal consideration is a fundamental element in the establishment of such companies and in the conduct of their activities, as they are primarily based on mutual trust between partners.

II.1. The Concept of General Partnerships

The general partnership is considered the oldest and simplest form of commercial companies. It was widely spread at its emergence before interest in it declined with the rise of limited liability companies. Its main characteristic lies in the joint and unlimited liability borne by the partners, as it is strongly characterized by its personal nature, making it the clearest model of partnerships. General partnerships are often established among family members or friends bound by mutual trust and acquaintance[2].

The general partnership is regarded as the clearest model of partnerships and is closest in nature to civil companies regulated by the Code of Obligations and Contracts. This proximity allows many of the general provisions of company law to apply to it without amendment, such as the substantive and formal conditions for the validity of the contract, the sanction resulting from their absence, the theory of the de facto company, as well as most of the rules relating to company management and dissolution, whether for general

[1] Pitt Law. "Corporate Governance: What It Is and Why It Matters." Accessed September 30, 2025. https://online.law.pitt.edu/blog/corporate-governance-what-it-is-and-why-it-matters
[2] Ben Latrach Mouna, Lectures in Commercial Companies, prepared for Third-Year Bachelor Students, Department of Private Law, Mentouri Brothers University, Constantine, 2023, p. 62.

reasons or reasons connected to personal consideration, in addition to rules on liquidation and division. Accordingly, the study of general partnerships is limited to the specific provisions contained in commercial law, supplemented by the general rules set out in the first part of this compendium[1].

The commercial company is also defined in Algerian legislation through legal provisions. Article 551 of the Commercial Code specifies some of its characteristics, confirming that the partners are jointly liable for the company's obligations without any limit to their liability. In French law, Article 10 of the Companies Act sets out the same principle, whereby partners in a general partnership bear full responsibility for the company's debts and obligations. The French Commercial Code of 1807, in its Article 20, also provided special rules for this type of company. Thus, the general partnership is one of the oldest forms used by individuals to engage in commerce within a regulated legal framework[2].

The essence of the general partnership lies in its being a company formed by two or more partners, all of whom are liable for its obligations vis-à-vis third parties, with such liability extending to their personal assets. In French law, this company is defined as an entity in which the partners are jointly bound to fulfill the company's obligations, while the company itself is also liable for its debts and commitments[3].

II.2. Characteristics of a General Partnership

The general partnership is considered one of the forms of partnerships, where personal consideration is clearly evident. It is based on mutual trust among the partners on the one hand, and on the trust of third parties in the company as a whole on the other hand. This type of company is often established among relatives or friends bound by a strong relationship built on mutual trust.

2.1. All partners bear personal and joint liability

In a general partnership, the partners are absolutely jointly liable for all the company's obligations, and each partner is regarded as a guarantor for the others. If one of them is unable to pay off his debts, the remaining partners are obliged to cover these obligations from their personal assets.

[1] Elias Nassif, General Partnership Company, Part Two, Al-Halabi Legal Publications, Beirut, 2009, p. 14.
[2] Houria Lachhab, "Defining the Legal Nature of General Partnership Companies," Al-Mofakker Journal, No. 5, 2010, p. 227.
[3] Yahia Mohamed El-Amin El-Hassan Ibrahim, "General Partnership Company," Arab Journal of Sciences and Research Publishing, Vol. 2, No. 7, 2016, p. 7.

What distinguishes this type of company is the absolute solidarity among the partners in their dealings with third parties[1].

2.2. The company name consists of the partners' names

The name of a general partnership is a fundamental element that distinguishes it from other companies and is used in signing its commitments. It is usually composed of the partners' names, allowing those dealing with the company to identify the individuals behind it, since their personal assets serve as security for the company's obligations. It is not required for the name to include all the partners' names; mentioning one or more names followed by the phrase "and partners" is sufficient, in accordance with Article 555 of the Commercial Code, to indicate the existence of other partners. Typically, the most prominent or influential name is included in order to instill confidence and credit. If the company is formed by members of one family, the family name may be used, along with an addition clarifying the relationship, such as "and brothers" or "and sons." The name must reflect the actual partners, and therefore, the name of a partner who dies or withdraws must be removed[2].

2.3. All partners acquire the status of merchant

Every partner in a general partnership acquires the status of merchant upon joining, even if he did not have this status before, since he is personally and jointly liable for the company's debts, with absolute liability extending to his personal assets. For the company contract to be valid, it must be in writing; it is not recognized if it is not drawn up in the form required by Article 544 of the Civil Code. According to the law, this principle applies to general partnerships and other companies of a personal nature or subsidiaries, while the situation is different in capital companies such as joint-stock companies[3].

2.4. A partner's share is not transferable

Article 560 of the Algerian Commercial Code stipulates: "The partners' shares shall not be transferable, and they cannot be assigned except with the consent of all partners, and any agreement to the contrary shall be null and void." This provision enshrines the principle of personal consideration on which general partnerships are founded, as it is the basis for their continuity and survival. Accordingly, no partner may transfer his share to a third party without the consent of all the partners. However, this

[1] Yahia Mohamed El-Amin El-Hassan Ibrahim, Ibid., p. 8.
[2] Nadia Fodil, Joint-Stock Companies in Algerian Law, 3rd ed., University Publications Office, Algeria, p. 114.
[3] Houria Lachhab, Ibid., p. 232.

restriction is not considered an absolute matter of public policy, as the partners may agree otherwise, provided that such an agreement is included in the articles of incorporation and not in a subsequent agreement.

II.3. Management of General Partnerships

The management of a general partnership is one of the fundamental matters that cannot be left unregulated in the company contract. If the contract stipulates how management is to be conducted, its provisions shall apply. In the absence of such stipulations, the legal provisions govern the matter. Thus, it is clear that the legislator has established rules that ensure the continuity of the company and its regular operation even in the absence of a specific agreement among the partners.

3.1. Appointment of the manager

Article 553 of the Commercial Code provides that the management of the company belongs to all partners, unless otherwise stated in the articles of association. One or more managers may be appointed, whether from among the partners or from outside, either in the articles of association or through a subsequent agreement. In the absence of such an appointment, each partner is considered a manager and enjoys management powers and the authority to represent the company vis-à-vis third parties. If the manager is a partner, he must have the status of merchant, whereas if he is an outsider, such status is not required, but he must have full legal capacity[1].

3.2 Method of management and powers of the manager

Article 554 grants the manager wide powers in running the company, as he is entitled to carry out all management activities in its interest. In the case of multiple managers, each of them enjoys the same powers, with the possibility for one to object to the actions of another before their completion. The manager represents the company before the courts, concludes contracts and transactions on its behalf, and binds it by his actions towards bona fide third parties. However, the partners may restrict the manager's powers or subject certain acts to their prior approval, but such restrictions are not enforceable against third parties unless they are aware of them. If the manager undertakes an act outside the company's purpose, the company is not bound by it, as third parties are presumed to know of such an excess.

[1] Order No. 95-59 of September 26, 1975, containing the amended and supplemented Commercial Law.

3.3 Termination of the manager's mandate

The manager's mandate may end for various reasons, including the expiration of the period specified in the articles of association or subsequent agreement, incapacity preventing him from performing his duties, resignation, or bankruptcy if he is a merchant. The manager may also be dismissed by a decision of the partners, but such dismissal is subject to special conditions: if all the managers are partners or were appointed from among them, dismissal may only take place by unanimous agreement of the partners. Such dismissal results in the dissolution of the company unless the articles of association provide for its continuation or the partners unanimously decide so. In such a case, the dismissed partner has the right to withdraw from the company and claim his rights, to be assessed on the day of dismissal by a qualified expert[1].

II.4. Advantages and Disadvantages of General Partnerships

II.4.1. Advantages of General Partnerships

General partnerships are among the most prominent forms of partnerships and have enjoyed a special place in legal systems due to their reliance on the element of personal trust between partners. This characteristic grants them a set of advantages that make them one of the most suitable forms for small and medium-sized enterprises. They are distinguished by the simplicity of their organization, the clarity of their management system, and the strength of their legal standing vis-à-vis third parties thanks to the joint liability of partners.

Ease of establishment : General partnerships are characterized by flexibility and simplicity in their establishment procedures compared to joint-stock companies. At their formation, partners are not required to undergo complex steps or numerous procedural requirements, making their establishment process faster and easier[2].

Legal and financial security : General partnerships enjoy a high degree of legal security, as all partners are jointly and unlimitedly liable for the company's debts. Even after a partner withdraws or leaves the company, he remains liable for prior debts for two years. This legal nature enhances the confidence of creditors, banks, and those dealing with the company, granting it strength in transactions.

[1] Ben Latrach Mouna, Ibid., p. 70.
[2] "General Partnership: Its Definition, Characteristics, Advantages, and Disadvantages," available at: https://fatoorah.sa/, accessed September 27, 2025.

Close relationship among partners : The foundation of a general partnership is built on mutual trust and personal acquaintance between partners, and they are often established among relatives or friends. Joint and unlimited liability makes partners share both benefits and risks, which strengthens the spirit of cooperation and understanding. Hence, the uniqueness of general partnerships compared to other types of companies, as personal identity plays a central role in their formation and continuity.

Simplicity of organizational structure and flexibility of management : General partnerships are distinguished by a simplified and flexible administrative organization, as laws grant partners broad freedom in setting up their internal management system. The partners collectively run the company's affairs, with each partner holding the status of merchant and the right to represent the company in dealings with third parties. This provides them with significant freedom in decision-making and the ability to act with flexibility and innovation[1].

II.4.2. Disadvantages of General Partnerships

Despite the many advantages that general partnerships enjoy, they are not free from certain negative aspects that may make their management complex in some cases. Relationships between partners require time and effort to maintain, and the absence of formal structuring or the predominance of family and friendship ties in some companies may lead to disputes or unforeseen liabilities. Compared to other types of companies, general partnerships face a set of fundamental disadvantages, the most prominent of which are[2]:

Weak capacity for expansion : Partnership management often lacks sufficient technical means to facilitate communication or accelerate processes, which forces many procedures to be carried out manually. This may lead to slow growth and difficulties in expansion over the long term.

Unlimited liability : Each partner is liable for the company's debts and losses, even if they result from the decisions of another partner. This exposes the financial standing and personal assets of all partners to risk and makes them vulnerable to paying the company's obligations from their own funds.

[1] Hung, N. V., Thinh, T. C., Ly, N. T. K. (2022). "General Partnership in the Vietnamese Commercial Environment." International Transaction Journal of Engineering, Management, & Applied Sciences & Technologies, 13(3), 13A3O, pp. 2–3.
[2] Sahil Sharma, "The Advantages and Disadvantages in Business Partnerships," IJIRL, Vol. II, Issue IV, pp. 3–4.

Loss of independence : The inclusion of partners means sharing decision-making authority, and thus a partner may have to give up some of his usual methods and approaches in managing business. This may create pressure, especially for those accustomed to working independently.

Emotional and personal issues : Differences in viewpoints or disparities in efforts exerted among partners may create tensions and internal disputes, particularly when the company is built on friendship or family ties. Personal conflicts may then become an obstacle to the stability of the business activity.

Conclusion:

Through this study, which addressed the subject of governance in general partnerships, it became clear that the application of governance mechanisms is not limited to large companies such as joint-stock companies, but can also play an essential role in improving the performance of general partnerships, which are based on personal considerations and mutual trust among partners.

The results showed that governance principles—such as transparency, accountability, and the protection of stakeholders—contribute to reducing disputes among partners and increase the confidence of external stakeholders in the company, such as suppliers, banks, and customers. Furthermore, the adoption of clear rules in management and internal control enhances the efficiency of operations and reduces the risks associated with the joint and unlimited liability of partners.

The study also clarified that general partnerships, despite their simplicity in establishment and the strength of relationships among partners, may face difficulties resulting from the absence of a clear organizational structure or conflicts in powers and responsibilities. Here, governance plays the role of a framework for regulating relationships within the company and as a tool to ensure its continuity and adaptability to the changing business environment.

Based on this, the findings of the study can be summarized in the following points:

1. The importance of integrating governance principles into general partnerships in order to reduce risks associated with the partners' joint liability.

2. Enhancing transparency and trust within the company and with external parties contributes to raising its competitiveness.

3. Clarifying the powers and responsibilities of partners and managers reduces internal disputes and helps improve performance.

4. The organizational flexibility of general partnerships enables them to incorporate governance principles in a way that suits their simple nature.

5. Expanding the scope of future studies to include practical applications of governance in general partnerships within different economic environments, allowing for a comparison of the effectiveness of these mechanisms.

In conclusion, it can be said that the success of general partnerships in facing modern challenges depends to a large extent on their ability to adopt governance mechanisms and adapt them to their specific characteristics, thereby enhancing their continuity and enabling them to contribute effectively to economic activity

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1. "General Partnership: Its Definition, Characteristics, Advantages, and Disadvantages," available at: https://fatoorah.sa/, accessed September 27, 2025.
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4. Cheffins, Brian R. "The History of Corporate Governance." ECGI Working Paper No. 184/2012, University of Cambridge, January 2012. Accessed September 30, 2025. Available at: https://www.ecgi.global/sites/default/files/working_papers/documents/SSRN-id1975404.pdf
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