

The reality of applying governance in Algerian joint-stock companies – a case study of "Naftal" company in Tiaret

واقع تطبيق الحوكمة في شركات المساهمة الجزائرية –دراسة حالة شركة " نفطال " بتيارت

Bensaid Hayette¹, Ziani Abdelhak²

¹ Algerian Economic Institution Development Laboratory, Ibn Khaldoun University, Tiaret, Algeria, hayette.bensaid@univ-tiaret.dz,

²Research Laboratory for Individual and Organizational Management, Ibn Khaldoun University, Tiaret, Algeria, abdelhak.ziani@univ-tiaret.dz,

Received on: 20/11/2025

Accepted on:25/05/2026

published on: 31/05/2026

Abstract:

This study aims to assess the application of corporate governance principles in Naftal Joint-Stock Company in Tiaret according to the standards of the Organisation for Economic Co-operation and Development (OECD). Using a mixed-method approach, the research combines descriptive analytical review with an inductive field study based on a questionnaire distributed to 33 officials within the company. Quantitative statistical analysis via SPSS was employed to test hypotheses related to governance compliance and the existence of organizational, legal, and transparency challenges.

Findings indicate that Naftal demonstrates a considerable level of compliance with governance principles, particularly in internal control systems, financial transparency, and clear distribution of responsibilities between the board and executive management. Nevertheless, significant barriers remain due to legal constraints, low professional awareness, and insufficient transparency. The study recommends strengthening legislative frameworks and enhancing professional training programs

Keys words: governance, governance principles, joint stock companies, governance of joint stock companies, Naftal company.

JEL classification codes: G30, G34, G38, L32

ملخص:

تهدف هذه الدراسة إلى تقييم واقع تطبيق مبادئ الحوكمة في شركة المساهمة "نفطال" بتيارت، مستندة إلى معايير منظمة التعاون الاقتصادي والتنمية. اعتمد الباحثان على المنهج الوصفي التحليلي في الجانب النظري، إضافة إلى المنهج الاستقرائي في الجانب التطبيقي، حيث تم تصميم استبيان وجه لعينة من 33 إطارا ومسؤولا في الشركة لتحليل مدى الالتزام بالحوكمة والوقوف على المعوقات التنظيمية والقانونية والوعي المهني ونقص الشفافية. تم استخدام التحليل الإحصائي عبر برنامج SPSS لاختبار الفرضيات وتصميم مؤشرات دقيقة تقيس واقع التطبيق ومستوى التحديات.

أظهرت النتائج وجود تطبيق فعلي لمبادئ الحوكمة في شركة نفطال، حيث يبرز وجود نظام رقابة داخلية فعال وشفافية نسبية في المعلومات المالية، بالإضافة إلى توزيع واضح للمسؤوليات بين مجلس الإدارة والإدارة التنفيذية. ومع هذا، كشفت الدراسة عن وجود معوقات تنظيمية وقانونية، وضعف في الوعي المهني لدى بعض الموظفين، ونقص في الشفافية المالية، مما يعيق التطبيق الأمثل للمبادئ. وبناء على ذلك، توصي الدراسة بضرورة تعزيز الأطر التنظيمية والتشريعية، وتوفير برامج تدريبية مستمرة للموظفين.

الكلمات المفتاحية: الحوكمة؛ مبادئ الحوكمة؛ شركات المساهمة؛ حوكمة شركات المساهمة؛ شركة نفطال.

تصنيف JEL: G30، G34، G38، L32.

Corresponding author: Ziani Abdelhak, e-mail: abdelhak.ziani@univ-tiaret.dz

1- Introduction

The importance of corporate governance has increased in recent years as a result of the repercussions of the major financial crises that have affected global financial markets, highlighting the urgent need to develop the foundations of good management and effective oversight of corporate performance, with the aim of protecting shareholders' rights and enhancing investor confidence. Prestigious international institutions, foremost among them the Organization for Economic Cooperation and Development (OECD), have imposed strict principles of governance practices aimed at improving the quality of management, clarifying responsibilities, and strengthening financial transparency.

In Algeria, joint stock companies have faced multiple challenges in implementing modern governance principles, due to the complexities of the regulatory environment and a history of traditional management practices. Despite the efforts of regulatory bodies, some companies still lack experience in building effective internal control systems and face difficulties in achieving full financial disclosure and clearly defining the roles of the board of directors and executive management.

The study of the current situation is important because it deals with Naftal, one of the largest active Algerian joint-stock companies, analyzing its governance based on modern international principles and using a methodology that combines description and statistical field analysis. The study drew on a variety of expertise within the company and used a detailed questionnaire to reveal levels of practical commitment and the extent of regulatory and legal obstacles.

The results of the study reveal that Naftal has made significant strides towards implementing good governance by building a more efficient internal control system and enhancing transparency in financial information. However, the analysis also revealed the continued existence of legislative obstacles, weak professional awareness among some employees, and a lack of financial disclosure, all of which limit the optimal implementation of governance principles as stipulated by the OECD indicators.

Thus, this study makes an important scientific contribution by linking the practical reality of a major Algerian company with international governance frameworks, providing a reliable statistical basis for the development of internal policies and recommendations for decision-makers to consolidate governance principles that can enhance institutional performance and ensure sustainable economic growth in joint-stock companies.

1-1-Research question: Based on the above, the research question can be formulated as follows:

To what extent is the joint stock company Naftal committed to applying governance principles in accordance with the standards of the Organization for Economic Cooperation and Development (OECD), and

what are the main obstacles that limit the optimal application of these principles in the company?

1-2-Study hypotheses: In order to answer the above question, we propose the following hypotheses:

- **First hypothesis(H₁):** Naftal is committed to applying the principles of governance as defined in the Organization for Economic Cooperation and Development (OECD) standards, as evidenced by the existence of an effective internal control system, transparency of financial information, and a clear distribution of responsibilities between the board of directors and executive management.
- **Second hypothesis(H₂):** Naftal faces regulatory and legal obstacles and a lack of professional awareness among some employees, in addition to a lack of transparency in financial information, which hinders the optimal application of governance principles.

1-3-Study objectives: This study seeks to achieve the following objectives:

- To analyze the reality of the application of governance principles at Naftal Joint Stock Company;
- Identify the most significant obstacles preventing the optimal application of governance principles at Naftal.

1-4-Limitations of the study: The limitations of the study are as follows:

- **Thematic limitations:** The study focused on the application of governance principles in Algerian joint stock companies, with a case study of the application of these principles at Naftal in the province of Tiaret.
- **Spatial limitations:** The field study was limited to the joint stock company Naftal, fuel and gas branches, in the province of Tiaret in Algeria.
- **Temporal boundaries:** The study was conducted during 2025, when the questionnaire was distributed and the data collected and analyzed.
- **Human boundaries:** The study included a sample of 33 executives and managers from Naftal's fuel and gas branches in the province of Tiaret, who were selected to respond to a questionnaire on the topic of governance.
- **Methodological limitations:** The study relied on a descriptive analytical approach in the theoretical aspect and an inductive approach in the practical aspect, using the questionnaire as the main tool for data collection and analysis using appropriate statistical methods.

1-5-Study methodology: In order to cover the various aspects of our study, we adopted a deductive approach with its descriptive and analytical tools in the theoretical aspect to explain the concepts and principles that govern corporate governance. In the practical aspect, we adopted an inductive approach to analyze and interpret the results obtained.

1-6-Study variables: Our study included the following variables:

- **Independent variable (influencer): Application of governance principles:** This includes the extent to which the company under study (Naftal in Tiaret)

adheres to the principles of governance as defined by international organizations (such as transparency, accountability, protection of shareholder rights, board effectiveness, financial disclosure, etc.).

- **Dependent variable (outcome): The reality of governance in the company:** This is measured by the extent to which governance principles are actually implemented at Naftal, and how this is reflected in institutional performance, the effectiveness of internal control, and the protection of shareholder rights.

- **Intermediate variables (impeding): Obstacles and difficulties:** These are factors that affect the relationship between the application of governance principles and their actual implementation, such as a weak legal and regulatory framework, low professional awareness, lack of transparency, and other obstacles identified in the study.

1-7-Previous studies: After conducting a desk and electronic survey, the following studies related to the research topic were identified:

- **Study (Almadi, 2015)entitled:Organizational Governance, Board of Directors, and the Influence of Context in Emerging Markets.** This study sought to understand how corporate governance is applied in emerging markets, focusing on the role of boards of directors and the influence of the local context on this application. The results indicated that cultural and social frameworks play a pivotal role in the success of governance. The study confirmed that understanding the surrounding conditions contributes to enhancing the effectiveness of governance practices and helps to address institutional challenges. The results also showed the importance of adapting regulatory and legislative frameworks to suit the nature of these environments. The study thus provided an important theoretical framework that can be used to develop governance systems in emerging markets.

- **Study (Miao, Khan, Ghauri, & Zaman, 2023)entitled: The effect of corporate governance on firm performance: perspectives from an emerging market.** This study examined the relationship between governance practices such as board independence and the number of board meetings and the financial performance of companies in an emerging market, using advanced statistical methods on quantitative data. The study also highlighted the obstacles to the implementation of governance, such as weak regulatory frameworks and traditional management practices. The results showed a positive relationship between governance quality and strong financial performance. In conclusion, the study recommended enhancing transparency and applying good governance principles to improve institutional performance.

- **Study(Gupta , 2023)entitled:Governance Mechanisms and Barriers to Implementation: Evidence from the Banking Sector.** This study analyzed the challenges facing the implementation of governance mechanisms in banks, especially in emerging markets, with a focus on internal resistance and regulatory obstacles. The results showed that these challenges negatively affect transparency and the quality of oversight. Based on this, the study recommended

strengthening regulatory support and employee training to ensure compliance with governance practices and enhance confidence in the banking sector.

- **Study (Matebese, Juqu, & Mutongerwa, 2024) entitled: Corporate Governance Dynamics: Contending with Egocentric Leadership and Enhancing Board Efficacy.** This study reviewed the impact of self-centered leadership on the quality of governance and boards of directors, conducting a critical analysis of dominant leadership behaviors. The results showed that the existence of effective control systems within boards of directors contributes to reducing the impact of negative leadership behaviors, thereby enhancing transparency and governance quality. The study also recommended developing regulatory frameworks that enhance the independence and efficiency of boards and contribute to improving governance effectiveness within institutions.

- **Study (Johnson & Wei, 2025) entitled: Sustainability and Corporate Governance: Obstacles and Pathways.** This study analyzed the relationship between governance, social responsibility, and sustainability, focusing on the difficulties associated with effectively integrating sustainability into governance practices. The results indicated that the ambiguity of regulatory frameworks and standards constitutes an obstacle to achieving this integration. They also revealed that companies that successfully integrate sustainability principles into their governance system enjoy a better reputation and more sustainable performance in the long term. The study presented practical strategies for overcoming these obstacles and promoting sustainable practices, emphasizing the importance of institutional support and effective leadership in achieving the desired integration.

Similarities and differences between previous studies:

The five studies are similar in their focus on the great importance of corporate governance and its impact on improving institutional performance, especially in emerging market environments. Each study emphasized the role of boards of directors as a fundamental pillar in ensuring good governance and found that board independence, meeting frequency, and membership diversity are critical factors in enhancing governance. This similarity highlights the consensus among researchers that the leadership role of boards of directors is key to successful governance and is a common driver for improving transparency and efficiency.

However, studies differ in their scope of analysis and sectors of application. Some, such as the study by Gupta (2023), focused solely on the banking sector, providing a more specialized and in-depth view of that field, while others dealt with industrial companies or capital markets in general. This difference allows for an understanding of the gaps in governance practices by sector, but remains limited in its ability to achieve comprehensive generalization.

Another difference lies in the type of research methodology. Some studies relied on rigorous quantitative analysis of financial and administrative data, such as the study by Miao et al (2023), which provided measurable and accurately

reportable results, while other studies, such as the study by Matebese, Juqu, & Mutongerwa (2024), on analyzing leadership behaviors and their qualitative impact, which may not always be accurately measurable. This variation shows two complementary perspectives in addressing governance, but at the same time highlights the challenges of integrating these aspects into a single model.

As for the focus on sustainability and environmental and social governance, the study by Johnson & Wei (2025) emerged as a new model that expands the scope of governance to include the dimension of social responsibility, an approach that is still in the process of spreading in research and field circles. This study presented a vision for the future that highlights that integrating sustainability is not a luxury but a necessity for improving a company's image and performance in the long term, enriching the academic debate by adding an ethical dimension to the concept of corporate governance.

In conclusion, the valuable insights provided by these studies form a solid basis for enhancing corporate governance practices, but at the same time open up prospects for more specialized and experimental research that responds to contemporary challenges in different environments. The growing interest in sustainability and ethical practices is indicative of a new research direction that should be reinforced through future studies that contribute to deeper and broader integration in corporate governance.

Research gaps:

Recent studies in the field of corporate governance, particularly in emerging markets, reveal numerous research gaps that warrant further study and exploration. One of the most notable gaps is the limited number of studies that integrate the behavioral and leadership dimensions that play a central role in the application of governance principles within companies. Research often emphasizes institutional and financial aspects, but few studies examine the psychological and behavioral impact within boards of directors, which is vital to understanding the effectiveness of governance in changing and complex environments.

In addition, there is a clear lack of research that provides clear and applicable regulatory and legislative frameworks in emerging markets. With different economic and cultural environments, it is difficult to give uniform recommendations without an in-depth study of local legal structures. This gap makes it difficult for officials and decision-makers to adopt best practices and adapt them effectively to local requirements.

There is also a significant weakness in integrating social responsibility and environmental sustainability into governance practices. Despite growing interest in these aspects, applied studies illustrating how to integrate these principles into the daily operations of companies and the tangible impact of doing so remain limited, opening the door for future research exploring effective mechanisms for achieving this integration.

Title: The reality of applying governance in Algerian joint-stock companies..

On the other hand, the challenges associated with cultural, social, and economic factors in different markets remain insufficiently explored. These factors play an important role in the success or failure of the application of governance principles, as they indirectly influence the behavior of leaders and management. According to some studies, they are a clear weakness and a source of shortcomings in the practical recommendations put forward.

Finally, there is a lack of studies comparing governance environments across different countries and sectors. As most research focuses on a single country or sector, limiting understanding of differences in governance practices and challenges in multiple environments. This weakens the generalizability of the results, calling for more comparative studies covering a variety of countries and sectors.

Scientific contribution of the current study:

In addition, the scientific contribution of this study lies in revealing the reality of the application of governance principles in an Algerian joint-stock company based on the standards of the Organization for Economic Cooperation and Development, through a questionnaire addressed to 33 executives and officials in the company. The importance of this contribution lies in documenting the existence of an effective internal control system, transparency in financial information, and a clear distribution of responsibilities between the board of directors and executive management within Naftal. The study also reveals the practical challenges faced by the company, such as regulatory and legal obstacles, lack of professional awareness, and lack of transparency, which are considered obstacles to the company's effective governance practices.

In terms of methodology, the study adopted a combination of descriptive-analytical and inductive approaches, supported by statistical data analysis using SPSS software, which enhances the reliability and accuracy of the results. The study highlights the importance of applying governance principles as a prerequisite for the success and sustainability of companies. It also recommends the need to organize training courses to enhance professional awareness and work to overcome the difficulties and obstacles that prevent the optimal application of governance principles.

In short, this study adds a qualitative and quantitative understanding of the application of governance in the Algerian environment through a realistic model, emphasizing the adoption of OECD standards and addressing challenges related to awareness, transparency, and regulation, which represents an important scientific contribution to the field of research on the reality of governance in Algerian economic institutions.

1-8-Study divisions: In order to answer the research question and achieve the research objectives, we decided to divide the study into two main axes:

- **Theoretical framework:** This includes the concept of corporate governance, its objectives, pillars, key principles.

- **Practical aspect:** This includes a case study of the company "Naftal" in the province of Tiaret.

2-Theoretical framework

2-1-The concept of corporate governance: There are many definitions of corporate governance, but in this study we will limit ourselves to the following:

The Organisation for Economic Co-operation and Development (OECD) defines corporate governance as "the system by which companies are directed and managed and which determines the rights and responsibilities of various individuals, such as the board of directors, executive managers, shareholders and other stakeholders in the company. It also establishes the rules and procedures for decision-making on company matters, as well as the structure through which the company's objectives, the means of achieving them, and the mechanisms for monitoring performance are established". (Nasser , 2014, pp. 45-46)

The International Finance Corporation (IFC) defines it as "the system through which companies are managed and their operations controlled". (Ibrahim , 2010, p. 160)

Abdul Wahab Nasr Ali and Shehata El Sayed Shehata also referred to it as "a set of mechanisms, procedures, laws, regulations, and decisions that ensure discipline, transparency, and fairness, and thus aim to achieve quality and excellence in performance by activating management actions related to the utilization of available economic resources in a way that achieves the best possible benefits for all stakeholders and society as a whole". (Abdul Wahab & Shehata, 2006, p. 17)

Based on the above, it can be said that corporate governance is "the set of rules by which companies are managed and supervised according to a specific structure that includes the distribution of rights and responsibilities among the company's participants, such as the board of directors, executive managers, and shareholders".

2-2-Objectives of corporate governance: Corporate governance seeks to achieve a number of fundamental objectives, including: (Talib & Al-Mashadani, 2011, pp. 43-44)

- Curbing potential management misconduct and ensuring effective alignment between management and shareholder interests;
- Reducing financial and investment risks;
- Protecting shareholders' rights and interests by developing a sound investment strategy;
- Deepening the role of capital markets in the development of savings;
- Increasing confidence in the national economy;
- Demonstrate transparency and accountability for social responsibility;
- Improving the company's financial performance;
- Maintaining the company's economic reputation by adhering to ethical values (professional ethics);

Title: The reality of applying governance in Algerian joint-stock companies..

- Paving the way for companies to open up to global capital markets and achieve the highest ratings from international rating agencies;
- Commitment of companies to ethical behavior and sound and safe professional practices, while complying with laws, regulations, and supervisory and regulatory controls.

2-3-Pillars of corporate governance: The pillars of corporate governance are: ethical behavior, oversight and accountability, and risk management. These pillars are detailed below: (Hammad, 2007, p. 49)

- **Ethical behavior:** Ensuring behavioral compliance through:
 - Adherence to good ethics;
 - Adherence to rules of professional conduct;
 - Balancing the interests of parties associated with the company;
 - Transparency in the presentation of financial information;
 - Social responsibility and environmental conservation.
- **Oversight and accountability:** This relates to the activation of the roles of stakeholders in the success of the company:
 - General supervisory parties: the Capital Market Authority, the Companies Authority, the Stock Exchange, and the Central Bank in the case of banks;
 - Direct oversight parties: shareholders, board of directors, audit committee, internal and external auditors;
 - Other parties: suppliers, customers, consumers, depositors, lenders.
- **Risk management:** through:
 - Establishing a risk management system;
 - Disclosing and communicating risks to users and stakeholders.

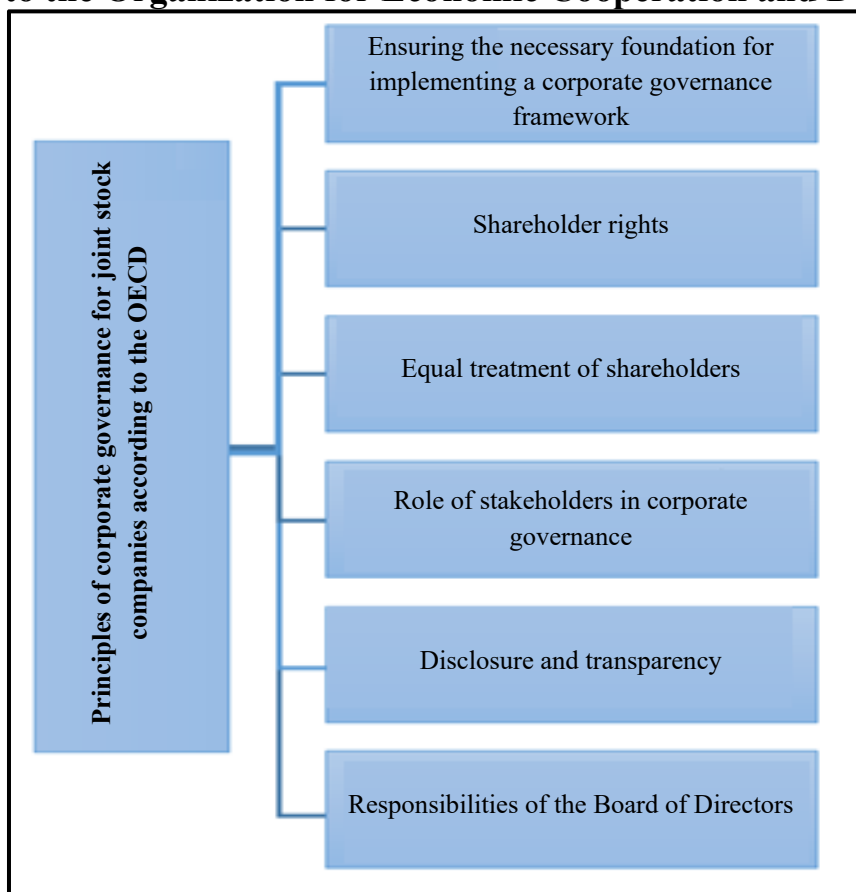
2-4-Corporate governance principles: The Organization for Economic Cooperation and Development has developed a set of principles as follows: (Jamil & Safir, May 6-7, 2012, p. 6)

- **Ensuring the necessary foundation for implementing a corporate governance framework:** This principle stipulates the need to provide the necessary foundations for implementing a corporate governance framework in order to enhance transparency and ensure that the corporate governance framework complies with the legal framework and clearly defines the responsibilities of the various bodies responsible for supervision and oversight.
- **Shareholder rights:** This principle includes a set of rights that guarantee secure ownership of shares, full disclosure of information, voting rights, and participation in decisions to sell or modify company assets, including mergers and the issuance of new shares.
- **Equal treatment of shareholders:** The corporate governance framework must ensure equal treatment of all shareholders, including small and foreign shareholders, and all shareholders must have the opportunity to obtain effective compensation in the event of a violation of their rights.

- **Role of stakeholders in corporate governance:** The corporate governance framework should recognize the rights of stakeholders as defined by law and should also promote communication between companies and stakeholders in the areas of wealth creation, job creation, and the sustainability of financially sound companies.
- **Disclosure and transparency:** The corporate governance framework should ensure accurate and timely disclosure on all matters relating to the company's constitution, including its financial position, performance, ownership, and exercise of authority.
- **Responsibilities of the board of directors:** The corporate governance framework should provide strategic guidelines for companies and ensure effective oversight of executive management by the board of directors, as well as accountability of the board to the company and its shareholders.

These principles can be represented as follows:

Fig.1.Principles of corporate governance for joint stock companies according to the Organization for Economic Cooperation and Development



Source: Prepared by researchers based on the above.

2-5-Corporate governance mechanisms: Corporate governance mechanisms can be classified into:

2-5-1-Internal mechanisms: These include the following elements: (Bouchemba, 2018, pp. 58-59)

Title: The reality of applying governance in Algerian joint-stock companies..

- **Board of Directors:** The Board of Directors plays a pivotal role in corporate governance, as it is responsible for overseeing the operations of the latter through leadership, strategic guidance, and management control. The Board of Directors acts as the custodian of shareholders' funds and is responsible for preserving and growing them and achieving a return on their investment. It is the primary decision-making body in commercial companies on behalf of shareholders.
- **Audit Committee:** Its most important tasks are to audit the financial statements, ensure the effectiveness of the company's internal control system and audit results, and make recommendations on the nomination and remuneration of the external auditor. The primary role of audit committees is to fulfill their obligations to maintain oversight of the professionalism and integrity of accounting, risk management, internal control, compliance with laws and regulations, employee conduct, financial reporting practices, and general corporate governance arrangements.
- **Internal audit:** Internal audit plays a vital role in the implementation of corporate governance principles, and internal audit departments contribute to corporate governance with important responsibilities by ensuring the efficiency of operations, compliance with laws and regulations, and the reliability of financial reports, given that internal auditing is the periodic examination of the means placed at the disposal of the company's manager to monitor the proper conduct of its operations.

2-5-2-External mechanisms: These consist of the following elements: (Al-Shehabi, Al-Tarqi, & Al-Juhani, 2019, pp. 193-194)

- **The market for control purposes:** This acts as a mechanism to control the performance of management and executives when internal corporate governance mechanisms fail, by purchasing ownership positions in loss-making companies or acquiring companies that underperform compared to their competitors and attempting to develop their competitive advantage. The market mechanism for corporate control consists of a group of potential shareholders who seek to purchase ownership positions or aggressively acquire companies with low value or poor performance, and achieve financial returns on their investments by replacing the senior management team responsible for formulating and implementing the strategy that led to such poor performance.
- **External audit:** External auditing is one of the important pillars influencing corporate governance as a result of the external auditor's role in lending credibility and reliability to accounting information by expressing an impartial professional opinion on the accuracy and reliability of financial statements prepared by companies through the report they prepare and attach to the financial statements. Therefore, the role of external auditing is essential and effective in the field of corporate governance because it limits conflicts between shareholders and management and reduces the problem of accounting information asymmetry. Therefore, attention is focused on its independence and

its commitment to local and international auditing standards, ethical rules, and quality control standards, and the rules for providing advisory and management services to the audited company, as well as compliance with the mandatory change of work at the audited company for a period not exceeding 3-5 years.

Legislation and laws: This mechanism often shapes and influences interactions between actors directly involved in the corporate governance process. Some legislation has affected key actors in the corporate governance process, not in terms of their role and function in this process, but in terms of how they interact with each other.

3-Practical aspect (case study of Naftal in Tiaret)

3-1-Study methodology

3-1-1-Study population and sample: To determine the reality of governance implementation in Algerian joint stock companies, Naftal, with its two branches (fuel and gas)- Tiaret unit were selected as the sample for this study. Thirty-five questionnaires were distributed, and 33 valid questionnaires were recovered for analysis.

Table 1. Statistics on the questionnaires

Data	Number	Percentage
Questionnaires distributed	35	100%
Forms not returned	02	5.71%
Cancelled forms	00	00%
Valid forms	33	94.29%

Source: Prepared by researchers.

The table above shows that the percentage of valid questionnaires for analysis was 94.29%, which is very acceptable, while no invalid questionnaires were recorded (0%), indicating that the study sample responded well and understood the questions.

3-1-2-Study tool: A questionnaire was designed on the topic of "**The reality of applying governance in Algerian joint-stock companies: a case study of Naftal company in Tiaret**". This questionnaire was considered the main tool for collecting data and information related to the study.

3-1-2-1-Structure of the questionnaire: The questionnaire consisted of two main parts:

- **Thefirst part:**Contains questions related to the demographic characteristics of the sample surveyed, namely: educational qualifications, job title, and professional experience.
- **Thesecond part:** Contains 14 statements covering the study variable, which are divided into two main axes, as shown in the table below:

Table 2. Study axes

Number	Axes	Number of phrases
01	There is an application of governance principles by the joint stock company "Naftal".	08
02	There are difficulties and obstacles preventing the application of governance at the joint stock company "Naftal".	06
Total		14

Source: Prepared by researchers.

3-1-2-2-Methods of distributing and collecting the questionnaire: In order to obtain as many responses as possible from the study sample to the questions prepared in the questionnaire, we relied on direct delivery, whereby the questionnaire was delivered in paper form to the sample individuals through personal interviews with them.

3-1-3-Statistical methods and programs used in the study: To analyze the data and test the hypotheses, we relied on the statistical program known as the Statistical Package for the Social Sciences (SPSS), in addition to using the following statistical methods:

- Frequencies and percentages: to identify the characteristics of the study sample;
- Arithmetic means and standard deviations: to analyze the trends of the sample individuals;
- Cronbach's alpha coefficient: to ensure the reliability of the study tool;
- Pearson's correlation coefficient: to test the internal and construct validity of the study tool;
- Kolmogorov-Smirnov test for a single sample: to determine whether the data follow a normal distribution or not;
- Sign test: to test the validity of the study hypotheses.

The five-point Likert scale was also adopted, comprising five alternatives, to determine the opinions of the sample individuals on the questionnaire statements, as shown in the following table:

Table 3. Likert scale

Alternatives	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Grade	1	2	3	4	5

Source: (Sekaran, 2006, p. 284) .

3-1-4-Questionnaire reliability: The reliability of the study questionnaire was verified using Cronbach's alpha coefficient, which ranges from zero (0) to one (1), and must exceed 0.6. The closer it is to 1, the higher the reliability.

Table 4. Stability coefficient (Cronbach's alpha)

Axes	Number of statements	Alpha Cronbach's coefficient
First axis	08	0.764
Second axis	06	0.736
Total	14	0.782

Source: Prepared by researchers based on SPSS outputs.

The table above shows that the Cronbach's alpha coefficient for all questionnaire items was 0.782, which exceeds the minimum statistically acceptable value (0.60), indicating that the questionnaire has a high degree of reliability.

3-1-5-Validity of the questionnaire: The validity of the questionnaire was verified through:

3-1-5-1-Internal consistency of the questionnaire items: The internal consistency of the questionnaire was tested by calculating Pearson's correlation coefficient between each item of the questionnaire and the total score of its respective axis.

The following tables show the results obtained:

Table 5. Internal consistency validity of the first axis statements

The phrase	Correlation coefficient	Probability value (Sig)	Comment
Tasks are divided fairly between supervisory, regulatory, and executive authorities in accordance with the law.	0.548	0.001	Statistically significant
The company has a strong and effective internal control system.	0.698	0.000	Statistically significant
The company compensates stakeholders when their rights are violated.	0.438	0.011	Statistically significant
Stakeholders can contact the board of directors to express their concerns.	0.781	0.000	Statistically significant
The Board of Directors and executive management are primarily responsible for disclosure and transparency.	0.655	0.000	Statistically significant
The company discloses important decisions made during the year.	0.761	0.000	Statistically significant
The Board of Directors supervises the executive management.	0.476	0.005	Statistically significant
The Board of Directors approves the internal control system.	0.810	0.000	Statistically significant

Source: Prepared by researchers based on SPSS outputs.

The above table shows that all Pearson correlation coefficients are significant at the 0.05 level (the probability value for each statement is less than 0.05), and thus the statements in this axis are valid for what they were designed to measure.

Table 6. Internal consistency validity of the second axis statements

The phrase	Correlation coefficient	Probability value (Sig)	Comment
Delay in adopting the concept of governance.	0.474	0.005	Statistically significant
Weak awareness and understanding of governance principles among professionals.	0.735	0.000	Statistically significant
Lack of commitment by the company to governance principles.	0.661	0.000	Statistically significant
Lack of transparency and clarity in	0.724	0.000	Statistically significant

Title: The reality of applying governance in Algerian joint-stock companies..

information.			significant
Weak legal and regulatory framework.	0.602	0.000	Statistically significant
Weak financial oversight and internal audit.	0.733	0.000	Statistically significant

Source: Prepared by researchers based on SPSS outputs.

Table 6 shows that all Pearson correlation coefficients are significant at a significance level of 0.05 (the probability value for each statement is less than 0.05), and thus the statements in this axis are valid for what they were designed to measure.

3-1-5-2-Construct validity of the questionnaire axes: The construct validity of the questionnaire was tested by calculating the Pearson correlation coefficient between each axis of the study and the total score of the questionnaire.

The following table shows the results obtained:

Table 7. Construct validity of the questionnaire axes

Axes	Correlation coefficient	Probability value (Sig)	Comment
First axis	0.894	0.000	Statistically significant
Second axis	0.696	0.000	Statistically significant

Source: Prepared by researchers based on SPSS outputs.

The table above shows that all Pearson correlation coefficients are statistically significant at a significance level of 0.05 (the probability value for each axis is less than 0.05), and thus the questionnaire axes are valid for what they were designed to measure.

3-2-Analysis of study data

3-2-1-Analysis of the demographic characteristics of the study sample: The following table shows the characteristics of the study sample.

Table 8. Demographic characteristics of the study sample

Data		Frequency	Percentage
Educational qualification	Bachelor's degree	16	48.5%
	Master	07	21.2%
	Master	00	00%
	Doctorate	00	00%
	Other qualification	10	30.3%
	Total	33	100%
Position	General Manager	01	03%
	Board Member	02	6.1%
	Executive Director	03	9.1%
	Head of Department	08	24.2%
	Other position	19	57.6%
	Total	33	100%
Professional experience	Less than 5 years	01	03%
	5 to 10 years	07	21.2%
	11 to 15 years	09	27.3%
	Over 15 years old	16	48.5%
	Total	33	100%

Source: Prepared by researchers based on SPSS outputs.

Table 8 shows the following:

- The most common category is those with a bachelor's degree (48.5%), followed by those with other qualifications (30.3%) and a master's degree (21.2%). No master's or doctoral degrees were recorded.
- The most common category is other jobs, with 57.6%, followed by department heads with 24.2%, then executive directors with 9.1%, while board members accounted for 6.1%. The lowest percentage was recorded for general managers, with 3%.
- The category with more than 15 years of professional experience represents the highest percentage at 48.5%, followed by those with between 11 and 15 years of experience at 27.3%, then those with between 5 and 10 years of experience at 21.2%, while those with the least experience (less than 5 years) accounted for the lowest percentage at 3%.

3-2-2-Analysis of the study's findings:

3-2-2-1-Analysis of the results of the first axis: The table below shows the results of the sample's responses to the first axis.

Table 9. Results of the study sample's responses to the first axis

Statements	Arithmetic mean	Standard deviation	Degree of agreement	Relative importance
Tasks are divided fairly between supervisory, regulatory, and executive authorities in accordance with the law.	3.85	0.619	Agree	8
The company has a strong and effective internal control system.	4.18	0.392	Agree	4
The company compensates stakeholders when their rights are violated.	4.12	0.545	Agree	6
Stakeholders can contact the board of directors to express their concerns.	4.09	0.292	Agree	7
The Board of Directors and executive management are primarily responsible for disclosure and transparency.	4.27	0.626	Strongly agree	2
The company discloses important decisions made during the year.	4.30	0.467	Strongly agree	1
The board of directors supervises the executive management.	4.15	0.442	Agree	5
The Board of Directors approves the internal control system.	4.21	0.415	Strongly agree	3
Arithmetic mean and standard deviation	4.15	0.299	Agree	

Source: Prepared by researchers based on SPSS outputs.

Table 9 shows that the arithmetic mean for all items in this dimension was 4.15, which falls within the fourth category of the Likert scale (3.40–4.19), indicating a degree of agreement. This indicates that the joint stock company Naftal applies the principles of governance. The total standard deviation was 0.299, which represents the dispersion of values around the mean and indicates that the responses of the study sample are somewhat similar and homogeneous.

Title: The reality of applying governance in Algerian joint-stock companies..

The agreement scores of the sample ranged between (3.85) as the lowest value recorded for statement No (1) and (4.30) as the highest value recorded for statement No (6).

Based on the above, it can be said that the sample generally tends to agree that the joint stock company "Naftal" applies the principles of governance.

3-2-2-2-Analysis of the results of the second axis: The table below shows the results of the sample's responses to the second axis.

Table 10. Results of the study sample's responses to the second axis

Statements	Arithmetic mean	Standard deviation	Degree of agreement	Relative importance
Delay in adopting the concept of governance.	4.12	0.331	Agree	3
Weak awareness and understanding of governance principles among professionals.	4.27	0.452	Strongly agree	1
Lack of company commitment to governance principles.	1.88	0.331	Disagree	4
Lack of transparency and clarity in information.	1.85	0.364	Disagree	5
Weak legal and regulatory framework.	4.18	0.392	Agree	2
Weak financial control and internal audit.	1.82	0.392	Disagree	6
Arithmetic mean and standard deviation	3.02	0.249	Neutral	

Source: Prepared by researchers based on SPSS outputs.

The table above shows that the arithmetic mean for all items in this dimension is 3.02, which falls within the third category of the Likert scale (2.60–3.39), indicating a neutral rating. This indicates that there are moderate difficulties and obstacles to the application of governance in the joint stock company "Naftal". The total standard deviation was estimated at (0.249), which represents the dispersion of values around the mean and indicates that the responses of the study sample are largely similar and homogeneous. The agreement scores of the sample ranged from 1.82 as the lowest value recorded for the statement "weak financial control and internal audit" to 4.27 as the highest value recorded for the statement "weak awareness and understanding of governance principles among professionals."

Based on the above, it can be said that the sample tends to be generally neutral regarding the existence of difficulties and obstacles that prevent the implementation of governance in the joint stock company "Naftal".

3-3-Testing the study hypotheses

3-3-1-Testing the normal distribution of the study axes: In order to select the appropriate statistical test (parametric or non-parametric), we subjected the study axes to the Kolmogorov-Smirnov test for a single sample, such that the

distribution is normal when the significance level is greater than 0.05 (Sig>0.05).

Table 11. Results of the Kolmogorov-Smirnov One Sample Test

Axes	One Sample K-S	Significance Level	Result
First axis	1.654	0.008	Does not follow normal distribution
Second axis	1.642	0.009	Does not follow normal distribution

Source: Prepared by researchers based on SPSS outputs.

Table 11 shows that the significance level (Sig) for each axis of the study is less than 0.05, indicating that the data does not follow a normal distribution, which requires the use of non-parametric statistical tests.

3-3-2-Testing the first hypothesis: The first hypothesis regarding the extent of Naftal's commitment to governance principles was formulated as follows:

- **Null hypothesis H_0 :** Naftal does not actually adhere to the principles of governance as defined in the OECD standards.
- **Alternative hypothesis H_1 :** There is an actual commitment by Naftal to apply the principles of governance as defined in the OECD standards.

In order to test the validity of this hypothesis, a sign test was used. The results are shown in the table below:

Table 12. Sign test for the first hypothesis

Groups	Frequency	Percentage	Sig	Statistical decision
3=>	00	0.00	0.000	Reject hypothesis H_0
3<	33	1.00		
Total	33	1.00		

Source: Prepared by researchers based on SPSS outputs.

From Table 12, we note that the calculated significance level (Sig= 0.000) is less than the significance level adopted in the study ($\alpha = 0.05$), and therefore we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1) which states that there is an actual commitment by Naftal to apply the principles of governance as defined in the OECD standards, and thus accept the first hypothesis of the study.

From an economic perspective, testing the first hypothesis, which assumes Naftal's commitment to applying the principles of governance as set out in the OECD standards, has a key economic interpretation, as it tests the impact of the company's commitment to an effective internal control system, transparency in financial information, and a clear distribution of responsibilities. This commitment reduces agency risk, enhances investor confidence, and stimulates efficient resource allocation within the company. In practical terms, the stronger the governance practices are and the more they align with international standards such as the OECD standards, the higher the company's ability to attract investment and achieve sustainable growth (). Waste and fraud rates are reduced, and productivity and competitiveness in the market improve. The existence of these mechanisms also contributes to financial stability, reduces financing costs, and increases opportunities for access to international markets.

In comparison with previous studies, the results of the first hypothesis test are consistent with the findings of recent foreign studies, particularly those published in the International Journal of Business and Management and Economic Research – Ekonomska Istraživanja and others, which have shown that companies' commitment to governance principles contributes to improving performance, enhancing transparency, and reducing the risks of corruption and financial manipulation. These studies also emphasized the importance of internal control, distribution of responsibilities, and the effectiveness of independent boards of directors. However, they also point to sectoral and structural differences between companies in emerging markets and their counterparts in advanced economies, due to cultural and regulatory challenges that prevent the optimal application of these principles. Nevertheless, the overall picture remains consistent: when governance practices are based on international standards and effectively implemented, this has a positive impact on financial performance, corporate reputation, and investor confidence, as confirmed by the results of this study.

3-3-3-Testing the second hypothesis: The second hypothesis, which concerns the extent to which regulatory and legal obstacles, weak professional awareness, and a lack of financial transparency at Naftal may hinder the optimal application of governance principles, was formulated as follows:

- **Null hypothesis H_0 :** There are no regulatory or legal obstacles, weak professional awareness, or lack of financial information transparency at Naftal that affect the application of governance principles.
- **Alternative hypothesis H_1 :** There are regulatory and legal obstacles, weak professional awareness, and a lack of financial transparency at Naftal that affect the application of governance principles.

To test the validity of this hypothesis, a sign test was used. The results are shown in the table below:

Table 13. Sign test for the second hypothesis

Groups	Frequency	Percentage	Sig	Statistical decision
3=>	24	0.73	0.014	Reject hypothesis H_0
3<	9	0.27		
Total	33	1.00		

Source: Prepared by researchers based on SPSS outputs.

We note from the table above that the calculated significance level (Sig= 0.014) is less than the significance level adopted in the study ($\alpha = 0.05$), and therefore we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). The existence of regulatory and legal obstacles, weak professional awareness, and a lack of financial transparency at Naftal Joint Stock Company affect the optimal application of governance principles, and therefore the second hypothesis of the study is accepted.

From an economic perspective, testing the second hypothesis, which revolves around the existence of regulatory and legal obstacles, weak

professional awareness, and a lack of financial transparency within Naftal, carries significant economic implications, as these obstacles are directly linked to a decline in the quality of governance principles implementation, leading to increased agency risks and the possibility of managerial manipulation. and a decline in the effectiveness of internal control systems. These obstacles also contribute to slowing down decision-making processes and increasing the likelihood of financial and administrative corruption, which negatively affects the efficiency of resource allocation and the company's competitiveness in local and international markets. Furthermore, weak transparency or a lack of professional competencies limits investor confidence and hinders the attraction of new capital, which negatively affects the company's ability to grow and sustain itself. This economic explanation indicates that declining performance or weak returns may be the result of fragile governance mechanisms, making the company more vulnerable to volatility and financial instability.

Compared to previous studies, the results of the second hypothesis are consistent with recent foreign research that addressed the same challenges in joint-stock companies, particularly with regard to the weak regulatory environment, legislative obstacles, and lack of professional awareness. Applied studies in the banking and industrial sectors in emerging markets have shown that regulatory and cultural obstacles and weak transparency are among the most significant barriers to the optimal implementation of governance, leading to weak confidence and declining financial and administrative performance. However, some studies have indicated that these problems are less acute in environments with more advanced legal and cultural frameworks, while they are exacerbated in economies that lack developed institutional structures and sufficient regulatory awareness. This comparison reveals a consensus on the most important areas of concern, with studies widely agreeing that addressing these obstacles requires improving legislation, raising professional awareness, and promoting a culture of transparency and accountability within companies.

4-Conclusion

Through this study, we sought to shed light on the reality of the application of governance principles in Algerian joint-stock companies, using a descriptive analytical approach in the theoretical aspect and an inductive approach in the practical aspect. After reviewing the most prominent theoretical concepts related to governance, we conducted a field study at Naftal, with its two branches (fuel branch and gas branch) – Tiaret unit as the target sample. Through this study, we surveyed the opinions of a group of executives and officials in the company in order to test the validity of the hypotheses put forward and answer the questions raised. The study yielded the following results:

- The application of governance is a prerequisite for the success and continuity of any company;
- The application of governance ensures that companies are moving in the right direction and improving their efficiency;
- The corporate governance system is based on a set of principles developed by relevant international organizations, the most prominent of which are those issued by the Organization for Economic Cooperation and Development;
- The ease of implementing governance does not prevent Algerian companies from facing difficulties due to the relative novelty of this concept in their environment;
- There is a real commitment on the part of the joint stock company Naftal to apply the principles of governance as defined in the OECD standards, which proves the validity of the first hypothesis;
- There are regulatory and legal obstacles, weak professional awareness, and a lack of transparency in financial information at Naftal, which affect the optimal application of governance principles, confirming the second hypothesis.

Based on the above, the study recommends the following:

- The need to expand the application of governance principles in Algerian joint stock companies;
- The need to strengthen regulatory and legislative frameworks;
- Organizing training courses for company professionals to raise their awareness of governance principles and enable them to apply them optimally;
- The company should work to overcome the challenges and difficulties that hinder the effective application of governance principles;
- The company must ensure that it keeps abreast of the latest developments and advances in governance.

5-Citations:

- Abdul Wahab , N. A., & Shehata, E. S. (2006). *Auditing and Corporate Governance in the Contemporary Arab and International Business Environment*. Egypt: Dar Al-Jami'a.
- Almadi, M. (2015). Organizational Governance, Board of Directors, and the Influence of Context in Emerging Markets. *International Journal of Business and Management*, 10(12), pp. 116-126.
- Al-Shehabi, A., Al-Tarqi, F., & Al-Juhani, I. (2019). The Availability of Corporate Governance Mechanisms to Reduce Financial and Administrative Corruption in the Insurance Sector An Applied Study on Insurance Companies in the Benghazi Region. *Journal of Economic Studies*, 2(2), pp. 183-211.
- Bouchemba, B. (2018). The role of internal auditing in achieving the effective implementation of corporate governance within institutions. *Journal of Development Research and Studies*, 5(2), pp. 53-67.
- Gupta , R. (2023). Governance Mechanisms and Barriers t Implementation: Evidence from the Banking Sector. *Journal of Banking and Finance*, 57(9), pp. 210-224.
- Hammad, T. A. (2007). *Corporate Governance in Public and Private Sector Companies and Banks (Concepts, Principles, Experiences, Requirements)* (éd. 02). Egypt: Dar Al-Jami'ah.
- Ibrahim , S. A. (2010). *Corporate Governance, Transnational Corporate Responsibility, and Money Laundering* (éd. 01). Egypt: Al-Dar Al-Jami'ia.
- Jamil , A., & Safir, M. (May 6-7, 2012). Manifestations of Corporate Governance in Enhancing Transparency and Disclosure. *Introduction to the National Forum on Corporate Governance as a Mechanism for Reducing Financial and Administrative Corruption*. Algeria: Mohamed Khider University.
- Johnson , S. A., & Wei , W. (2025). Sustainability and Corporate Governance: Obstacles and Pathways. *Journal of Business Ethics*, 162(4), pp. 591-605.
- Matebese, H., Juqu, Z. F., & Mutongerwa, N. F. (2024). Corporate Governance Dynamics: Contending with Egocentric Leadership and Enhancing Board Efficacy. *Journal of Corporate Governance, Insurance, and Risk Management*, 11(1), pp. 25-46.
- Miao, M., Khan, M. I., Ghauri, S. P., & Zaman, S. I. (2023). The effect of corporate governance on firm performance: perspectives from an emerging market. *ECONOMIC RESEARCH-EKONOMSKA ISTRAŽIVANJA*, 36(3), pp. 2277-2305.
- Nasser , A. H. (2014). *Corporate Governance in Emerging Markets* (éd. 01). Egypt: Professional Management Experience Center (PMEC).
- Sekaran, O. (2006). *Research Methods in Management: An Introduction to Building Research Skills*. (I. A. Bassiouni, Trad.) Saudi Arabia: Dar Al-Mars Publishing.
- Talib , A. F., & Al-Mashadani, I. S. (2011). *Corporate Governance and Strategic Financial Performance of Banks* (éd. 01). Jordan: Dar Safaa Publishing and Distribution.