



Governance: basic concepts

Mohamed Temmar* University Of Blida (Algeria) medpharm4@yahoo.com	Abd ElHamid souissi University Of Blida (Algeria) hamidsouissi@gmail.com	Victor Laura City University of New York - York College CUNY · Speech Language Hearing Loura.insta@uahoo.fr
--	---	--

Abstract	Article info
<i>The shift towards the use of governance has begun, and advanced global administrations have kept pace with changes in the world's social, political and economic environment, mainly by traders, legislators and administrators. In 1999, the world's seven largest leaders demanded the International Monetary Fund. The World Bank is assessing countries' implementation of new governance standards. Job creation, organizational development and corporate competitiveness to attract international capital in developing countries strengthening governance practices around the world at the governmental level as well as at the level of organizations with economic types, The Arab countries have moved governance through the activities of the Arab Organization for Management Development (AOAD) in 2002 through its conferences, which aimed at mainstreaming this concept and its standards.</i> <i>This paper discussed the definitions of governance and internal and external determinants, according to the Organization for Economic Cooperation and Development, as well as Basel Committee standards, IFC standards, governance advantages and experiences of some countries such as the United States of America, Britain and France, and then some of the Arab countries' experiences and we selected Egypt and Algeria.</i>	Received 13 February 2024 Accepted 13 march 2024 Keyword: ✓ Governance: ✓ Public sector: ✓ Arabic Experiences.

*Corresponding author

1. Introduction

The organizations experience many changes and changes that have affected different areas of their activity. In the context of globalization and in the pursuit of their objectives, the problem of conflicts of interest between the various actors and those concerned with their activities is increasing. The latter's mentors have become required to find and develop modern methods that inhibit the objectives of these organizations, and satisfying the needs of its members in the near or long term, as well as the legitimate needs of society, and thus achieving the Organization's predetermined goals. Here, the principles, mechanisms and characteristics of the governance of the organizations provide a solution to such practices that would negatively or positively affect the levels of performance of the organization, thus highlighting the importance of governance as a mechanism and as a way to guide the organization towards achieving its anonymous objectives. and perform its work properly in an environment that is constantly changing and vulnerable to risks and crises, In today's world, the Organization is unable to cope and keep pace with rapid and dramatic changes and developments in

a time of intense competition. Because of the use of traditional tactics and the lack of development and creativity, we talk about an effective management method that achieves the prevailing goals and according to a pre-studied strategy, the so-called governance (good governance)

According to the Canadian scientist McCohn, the world has become a cosmic village. The Arab States in general and Algeria in particular are not isolated from these changes and transformations, although the majority of Arab States have adopted this method or mechanism of modesty and varying from one state to another.

In the light of the foregoing, the problem for our research is based on the following main question:

What is the concept of governance?

I. Definition of governance and reasons for its emergence:

Governance is among the concepts that have sparked controversy and controversy over their translation into Arabic and their precise and agreed definition, despite agreement on the importance of the concept and the need to introduce and implement it.

The concept of governance has been introduced under various Arab names, including governance,

A-Definition of governance:

governance, governance, governance and governance. This may be because this concept is relatively recent, first presented at the end of the twentieth century in the World Bank's report on economic development and the fight against corruption in Africa, but this focus on the economic dimensions of the concept has not lasted long. Its political dimensions and its widespread use during the 1990s, especially in the United States of America and Europe. In this context, many different contributions have emerged, drawing two dimensions of the concept. (The concept reflects the relationship between the State apparatus and governance on the one hand, and civil society institutions and the private sector on the other) (Faouzi, 2000, 05).

The definitions provided for this term have been varied, with each term indicating the point of view that accompanies this definition.

There are those who define it as: "the sum of" the rules of the game that are used to manage the company from within, and to be supervised by the Board of Directors to protect the financial interests and rights of shareholders "(NBE).

In other words, governance means the existence of systems that govern relationships between key actors that

influence performance, as well as the determinants and foundations of long-term enterprise strengthening, responsibility and responsibility, there is also the United Nations Development Programme (UNDP) definition that is most common where it is known "the exercise of economic, political and administrative authority to administer State affairs at all levels through mechanisms, processes and institutions that enable individuals and groups to pursue their interests" (Bilal, 2009, 123), as defined by UNDP, governance has the following characteristics and pillars: Participation, transparency, responsiveness, rule of law, equality, effectiveness and efficiency, accounting and strategic vision.

The Organization for Economic Cooperation and Development (OECD) considers governance to be a whole of relationships between the Government and citizens as individuals or as part of political, economic and social institutions. This definition emphasizes that the concept of governance is not based solely on the effectiveness of institutions but includes the values and standards contained in institutions such as accountability, oversight and integrity.

The use of the term and concept of governance by political scientists

dates back to the early 1990s "as well as in the context of their quest to emulate both economists and international organizations that have consistently used it in expressing sustainable development efforts, especially in developing countries whose governments are clearly underperforming in terms of effectiveness and efficiency" (Hussein2011, 27).

We also find the researcher "marco, rangeon" defines an adult judgment as "good and effective forms between government sectors through which private agents, as well as public organizations, groups, citizens' groups or other forms of agents, take into account the contribution to the shaping of policy" (Mohamed, 2011, 16).

The term "governance" is also included in Act No. 06-06 on the City Directive Act in article 2, chapter 1, on general principles. Algerian legislation defines it as "whereby the administration is concerned with citizens' concerns and acts in the public interest within the framework of transparency" (Mustafa 05, 2000).

B-Reasons for the emergence of governance:

The importance of governance and governance in particular has emerged as a result of the failure of

official Governments and their inability to achieve their goals. Thus, the failure to fulfil citizens' aspirations and meet their needs at the necessary level. The emergence of the concept of good governance is a reflection of the ongoing change in the nature and role of Government on the one hand and the systematic development of academia on the other. On the practical side, we first note the emergence of many variables that have made the traditional view of the State as a major actor in public policymaking questionable. governance ", where tracking recent trends in policy building and implementation notes the increasing importance of external factors, as well as the so-called international environment, in the policy-making process, which has come to be placed on the list of Governments' priorities. A number of factors have given rise to the concept of governance in the Arab world in general and in the Maghreb in particular. Among these reasons are the following:

***Political reasons:**

1 "- The specificity of the Arab region as compared to the rest of the world, as governance is weaker in the region.

The substantial growth of bureaucratic machinery and public

administration, the subordination and ageing of management, the increase in budget deficits, high indebtedness and low productivity.

Weak structure of political and administrative institutions, absence or weakness of accounting and accountability systems in governance systems.

- The prevalence of the State's pattern of repressive containment, which regulates the civil society movement and confiscates the independence of trade unions and parties.

Political instability, with most Third World States experiencing severe internal conflicts.

Democratization processes are stalling in developing countries, especially in the Arab world. "

***Economic reasons:**

1-". The failure and inability of the State to be the main driver of development.

2-Emergence of an alternative idea based on neoliberal economic thinking and calling for the withdrawal of the State to the fullest extent possible and leaving development processes to market and competition mechanisms

3-Economic recession and financial crisis from 1920 to 1930 "(Hussein,2011, 19).

***Other reasons:**

1- Globalization:

Among the terminology that was most popular at the end of the twentieth century is the term globalization, which was based on three basic principles:

Spread liberalism to all activities and liberalize trade as well as open borders.

-2 Information Revolution:

The years of the 1990s have witnessed a scientific revolution in information and communication technologies, characterized by its transboundary nature, to transform the world into a small village, because of its ease and speed in the flow of information, as well as in the improvement of the methods of competition and the accounting of strategic bets facing global markets.

This information revolution has made it easier for people to learn about other countries' experiences and experiences in the areas of development, human rights, democracy and the fight against poverty and corruption, giving them

an opportunity to compare them with what is happening in their countries.

- The importance and objectives of governance:

1-The importance of governance:

Governance is undoubtedly of great importance at the global level today, with today's transformation into a capitalist economic system. The need for governance has emerged in many developed and emerging nations in recent decades, especially in the wake of economic collapses and financial crises in recent years.

"The importance of the governance system is reflected in the following:

- * reduce the risks related to States' financial and administrative corruption.

- *Raising the level of performance and the consequent acceleration of States' economic development and progress.

- *Attracting foreign investment and encouraging domestic capital to invest in national projects.

- * Increase global competitiveness and open up new markets for it.

- * transparency, accuracy and clarity in institutions and the resulting increased confidence.

- *Increase employment opportunities for members of society.

- *Combating internal corruption in institutions and not allowing its existence and eliminating it.

- *Achieving integrity, impartiality and integrity for all employees in institutions.

- *Avoid any deliberate errors, approved or unapproved disposal and prevent its persistence.

Combat deviations and not allow them to continue.

- *Minimize errors by using control systems that prevent such errors
"(Abdelhamid 2008, 422).

2-Governance Objectives:

Governance rules and regulations are aimed at achieving transparency and fairness and at granting the right to accountability of the organization's management. Hence, the most important objectives pursued by governance can be mentioned below:

- * "The institution shall abide by the rules and procedures of work in accordance with their respective fields.

- * Maximize the institution's role and contribution to the development process and its ability to create wealth for society and create employment opportunities.
- * Improve relations between the institution and all the organization's managers, staff and surrounding community stakeholders.
- * Maximize organizations' performance levels.
- * Minimize risk.
- * Develop regulations to avoid or reduce fraud, conflict of interest and unacceptable actions on the management of the enterprise in such a way as to improve leadership skills.
- * Establishing rules and procedures for the functioning of the organization, which include achieving the objectives of governance.
- * Fairness, transparency and the right to accountability that allows each stakeholder to review management.
- * Taking into account the interests of society and workers.
- * Encourage and attract domestic and foreign investments
- * Ensure that management structures are in place whereby

enterprise management can be held accountable and independent control ensured.

- * Deepening the culture of adherence to the laws, principles and agreed standards "(Djamel, 2009, 188).

I. Governance standards and their foundations:

Given the growing interest in the concept of governance, many studies have emphasized the analysis of this concept and the development of specific methods and criteria for its application, as follows:

A- Governance Standards:

Given the growing interest in the concept of governance, many institutions have been keen to study and analyse the concept and to develop specific criteria for its application. These include: the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), represented on the Basel Committee, and the World Bank's International Finance Corporation (IFC).

As the definitions given to the concept of governance differ, so do the criteria governing the governance process, because each person has developed a concept for these criteria, as follows:

B- OECD standards:

Governance is applied in accordance with five criteria reached by the Organization for Economic Cooperation and Development (OECD) in 1999, which was amended in 2004. " These include:

1- Ensuring a basis for an effective corporate governance framework: The corporate governance framework must include both enhancing market transparency and efficiency, be consistent with the provisions of the law, and clearly formulate the division of responsibilities among different supervisory, regulatory and executive authorities.

2- Preservation of the rights of all shareholders: includes transfer of ownership of shares, selection of the Board of Directors, receipt of dividend return, review of financial statements, and shareholders' right to participate effectively in General Assembly meetings.

3- Equal treatment of all shareholders. It means equality between shareholders within each category, their right to defend their legal rights, to vote in the General Assembly on basic decisions, as well as to protect them from any questionable acquisitions or mergers, or from trafficking in internal

information, as well as their right to access all transactions with board members or executives.

4- The role of stakeholders in the exercise of the company's management powers: they include respect for their legal rights, compensation for any violation of those rights, as well as mechanisms for their effective participation in the control of the company, and access to the information required. Stakeholders are banks, workers, bondholders, suppliers and customers.

5- Disclosure and transparency. It deals with disclosure of important information and the role of the comptroller, disclosure of ownership of the vast proportion of shares, and disclosure of board members and executives. All such information is disclosed fairly among all shareholders and stakeholders in a timely and timely manner.

6- The Board's responsibilities include: the structure and legal duties of the Board of Directors, how to select its members and core functions, and its role in overseeing executive management "(Fouad, 2005, 16)

* Basel Committee standards.

"In 1999, the Basel Committee developed governance guidance in

banking and financial institutions, which focuses on the following points:

1- The company's values and honour charters for sound conduct and other standards for good conduct and systems to be applied.

2- The company's strategy is well prepared, according to which its overall success and the contribution of individuals can be measured.

3- The proper distribution of responsibilities and decision-making centers includes a functional sequence of approvals required from individuals to the Council.

4- Develop a mechanism for effective cooperation between the Board of Directors, auditors and senior management.

5- A robust internal control system that includes internal and external auditing and independent risk management functions, taking into account the authorities' proportionality to responsibilities.

6- Special monitoring of risk centres in locations where conflicts of interest are escalating, including working relationships with bank-linked borrowers, senior shareholders and senior management, or the organization's key decision makers.

7- Financial and administrative incentives for senior management to function properly, as well as for managers or staff in the form of compensation, promotions or other elements.

8. Appropriate internal or external flow of information ". (Fouad, 2005, 18)

***IFC standards.**

"In 2003, the World Bank's International Finance Corporation (IFC) established general norms and standards, which it deems essential to support governance in different institutions, at four levels:

1. Accepted good governance practices.

2. Additional steps to ensure new good governance.

3. Essential contributions to improving good governance locally

4. Command ". (Fouad, 2005, 35)

I. Some countries' experiences in applying governance:

The growing interest in the concept of institutional governance has led many States around the world to promulgate their own principles and norms, through official institutions. These institutions and bodies have worked to apply the principles of

governance and, given the different economic, political and cultural aspects of States, we will address the experiences of some States.

1/USA experience:

The United States of America is the first country to take the lead in applying the system of governance as a result of events that took place during the 1980s when many of its companies faltered.

The development of the financial market and the existence of effective oversight bodies that oversee it and oversee the transparency of data in addition to the development of the accounting profession and information issued by women partners have increased attention to the concept of corporate governance and oblige companies to apply best practices that ensure its proper application, especially those registered on the exchanges. s pension fund, which is the largest public pension fund of the United States of America, Defining corporate governance and highlighting its importance and role in protecting shareholders' rights and UNFPA issued a set of principles, guidelines and substantive lines for the application of the so-called concept of governance (Trudway Committee), which included a set of

recommendations on the application of the rules of corporate governance and related prevention of fraud and manipulation in the preparation of financial lists by paying attention to the concept of the internal control system and strengthening the external audit profession before the institutions' governing bodies.

2/European experience:

British and French experiences are the two most important experiences in the use of European governance.

☐ **Country experience:**

The concept of corporate governance in Britain has become part of London's business culture financial problems caused some companies to conceal financial information and data from shareholders' accounts and financial statements, which were circulated in the early 1990s; To examine from the Stock Exchange as well as the Financial Reporting Board and other accountants how confidence is once again in companies' financial reports This has led the United Kingdom's business community to engage in a serious and open dialogue on the subject of corporate governance. This has led to the issuance of a report, which includes 19 items, which are practice directives for the concept of corporate governance.

□ **French experience:**

Increased presence of foreign shareholders and the emergence of the concept of pension funds in France and the desire to modernize the Paris financial market led to the emergence of the concept of corporate governance in France. The most important business organization in France, the National Council of French Employers and the Association for Private Enterprises, established the Committee on Corporate Governance, which was chaired by the President of the General Assembly. Voina's report was issued in 1995. The report had attracted much attention, but the report had made substantial changes to current practices and therefore its recommendations had been delayed and had not had formal follow-up in the form of an assessment showing compliance with those recommendations.

3/Arabic experiences:

Arab countries have recently increased interest in applying the concept of corporate governance, especially after the financial crises and collapses in the financial community, which have involved many Arab countries. There is a wide difference between the Arab States

and the major industrialized States in the proper application of those principles in a way that encourages investment in those countries and attracts foreign capital for them. This has led many international bodies and organizations to work to establish the principles promulgated by the Organization for Economic Cooperation and Development in the Arab States (OECD) through the organization by the International Forum on Corporate Governance (GCGF), the CIPE Centre for International Private Enterprise (CIPE) and many interested in the concept of corporate governance in many Arab States.

□ **Egyptian experience:**

Egypt was the Arab leader in using the concept of governance as a result of the Government's establishment of both private and business companies.

Interest in governance in Egypt began in 2001 at the initiative of the Ministry of Commerce in 2001, the World Bank, in cooperation with the Organization for Cooperation and Development, conducted a study to assess Egypt's commitment to the application of the 1999 OECD Rules of Components for International Institutions. In 2005, Egypt's governance rules were drafted, supplementing the provisions on

institutions contained in the various laws, namely the Law on Shareholding Institutions and Equity and Limited Liability Institutions promulgated by Law No. 159 of 1981 and the Capital Market Law promulgated by Law No. 95 of 1992 and the Executive Regulations and other resolutions issued pursuant to them. The dissemination of governance and reform in Egypt has helped to overcome the problem of distressed bank loans and compliance with those rules has led to a revival and increase in the financial stock market and has helped strongly to increase foreign direct investment in Egypt.

□ **Algerian experience:**

In July 2007, the first international forum on corporate governance was held in Algeria. "Under the auspices of SMEs and traditional industry, the idea of preparing this Charter, which is the result of a series of work led by the Task Force between November 2007 and November 2008, was developed during this Forum and within this time period the Working Group was able after a series of consultations with actors, Thus, the Foundation's Charter of Governance was adopted in Algeria and included in the international context of innovation and exchange of experiences. In this regard, the principles of governance adopted by the Organization for Economic Cooperation and

Development (OECD) as part of its 2004 issuance have given them the references from which the Working Group was inspired, taking into account the specificities of the Algerian institution.

Conclusion:

Undoubtedly, corporate governance has become an important and effective component of any strategy aimed at success with opportunities and threats on the one hand. in addition to the fact that improved application of governance in institutions leads to the achievement of their objectives and satisfaction of their members' career satisfaction, It facilitates actions to implement its plans and oversee its strategy, as well as establishing clear limits of responsibility and assumption, including moral and social responsibility, that reflect an enterprise's ability to achieve effectiveness and continuity.

The subject of governance and the standards it carries have aroused the interest of many thinkers, scientists and researchers due to its scientific and practical standing differences between the developed and the developing world have led to a difference in how they are applied. Whatever the difference, two do not disagree that governance is the basis for improving performance and increasing effectiveness within state institutions. We cannot talk about a developing, sophisticated and continuous organization without precisely determining the effectiveness

of the foundations on which it is built and how efficient it is and its ability to achieve its objectives, which is of course by relying on all stakeholders within this institution from management and workers and their governing style of professional conduct and ethics. The success of business organizations is determined by their ability to compete, ensure their presence and continuity, and achieve quality and excellence.

Bibliography List :

1/Books

1. Bilal Hallal Scarneh, *Work Ethics*, Al-Masirah Publishing and Distribution House, T1, Amman, 2009.

2. Djamal Mahdi, *Principles and Practices of Corporate Governance*, Arab Organization for Administrative Development, Egypt, 2009.

3. Abdelhamid Abdelmattab, *Strategic Perspective*, University House, Egypt, 2008.

4. Faouzi Sameh, *Concepts of Scientific Foundations of Knowledge*, International Center for Future and Strategic Studies, Cairo, October 2000.

5- Mustafa Youssef Kafi, *Global Financial Crisis and Corporate Governance*, Arab Community Publishing and Distribution Office, T1, Dubai, 2013.

2/University Theses

Hussein Abdelkader, *Algerian Government and Local Development Problem*, Euro-Mediterranean Studies, Master's Degree in Political Science, Faculty of Law and Political Science, Abiy Bakr Belkaid University, Tlemsan, 2011-2012.

Mohamed Siddiq Bouhreis, *Global Health Governance between Normative Foundations and Business Interests*, Specialization: International Administration, Memorandum of Master's Degree in Political Science, Faculty of Law and Political Science, Hajj Lakhdar University, Battneh, 2012-2013.

3/Patrols and Forums

1. National Bank of Egypt (NBE), *method of exercising good governance powers in companies: corporate governance*. Economic Bulletin, No. 2, vol. 56.

2. Fouad Shakir, *Good Governance in Arab Banks and Financial Institutions by Global Standards*, paper presented at the 2005 Arab Banking Conference "Partnership between Banking and Investment for Development.

3. Strong in Haniyeh, *the role of civil society movements in promoting good governance*, edited at the National Forum on: "The Role of Civil Society in Achieving Human Development", Hasiba Ben Bouli University, Faculty of Legal and Administrative Sciences, 15-16 December 2008.