RESEARCH ARTICLE

Corporate governance in Algeria between concept and reality

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Abstract
This research aims to clarify the concept of corporate governance as a new mechanism that focuses on the necessity of following rational methods that work to protect the institution. It does so by striving to satisfy various stakeholders and reconciling their interests, ensuring transparency, accountability, and the protection of capital in companies and markets, as well as safeguarding the interests of stakeholders related to the institution. Most importantly, it aims to restore the trust of market participants, especially following collapses and failures that have occurred. We concluded that corporate governance is the way in which institutions are managed and monitored by all parties concerned with the institution. Algeria, like all countries, faces numerous economic, social, and political challenges, necessitating the prompt evaluation of its current situation and planning to keep pace with developments in alignment with its values, principles, and capabilities, in order to achieve efficient management of Algerian institutions, ultimately enhancing corporate performance.

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1. Introduction:

Corporate Governance [CG] is a relevant issue in academic writing and finance and accounting fields due to the chain of financial scandals around the world. CG monitors the effectiveness of management and ensures legal compliance by preventing irregular and improper behaviour. In this sense, leading global institutions such as the Organization for Economic Cooperation and Development [OECD], the International Finance Corporation [IFC] and the World Bank, strongly emphasize the development of different regulations, guidelines and good governance codes around the world. OECD affirms that CG “has implications for company behaviour towards employees, shareholders, customers and banks”. (Briano-Turrent & Rodríguez-Ariza, 2016, p. 63)

Corporate governance refers to a set of rules, systems, and procedures that regulate the relationships among key stakeholders, including corporate management, shareholders, and interest groups, as well as the control and disclosure systems that impact corporate performance. Its primary aim is to enhance quality and boost performance rates by establishing strategic plans and objectives for companies. It also involves setting appropriate incentives for management to achieve these objectives in a manner that serves both their own interests and those of the shareholders, while encouraging adherence to the principles of transparency and the prevention of conflicts of interest and materially or ethically unacceptable conduct. This is achieved within the framework of regulatory systems overseeing corporate management and board members, and by clearly defining the distribution of rights and responsibilities between the board of directors and shareholders. Governance procedures also outline the workflow within companies to ensure the achievement of governance objectives.

Given its importance, companies of various types, whether joint-stock companies or family-owned businesses, strive to implement governance practices in order to realize several key benefits, most notably: fostering a climate of confidence among investors and shareholders, maximizing corporate value, and strengthening competition in global financial markets. All these efforts aim to avoid the crises faced by several major international companies listed on prominent financial markets.

Based on the above, we can formulate the following main research question:

What is the concept and reality of corporate governance in Algeria?

Research Hypotheses:

- The concept of corporate governance is multifaceted and complex across different fields due to varying circumstances and environments surrounding it.

- Corporate governance constitutes the rules through which a company is directed and controlled, including mechanisms that organize the different relationships among the board of directors, executive managers, shareholders, and stakeholders.
- Corporate governance is achieved by adopting a policy of change and development of the mechanisms that govern it, along with undertaking fundamental reforms that ultimately lead to the realization of its objectives.
- Algerian economic enterprises are striving to implement the principles of the governance system despite the novelty of its practice.

This research aims to highlight the following points:

- To identify and enumerate the reasons behind the growing interest in the subject of governance in general, and corporate governance in particular;
- To gain comprehensive knowledge of the various global models of corporate governance;
- To emphasize that the application of modern management approaches and corporate governance mechanisms has become an imperative for Algerian economic enterprises in the context of global integration;
- To assess the reality of corporate governance in Algeria by diagnosing the state of its institutional framework and the mechanisms of its implementation.

1.3 Research Methodology:

In this study, we have adopted the descriptive-analytical method by describing the theoretical aspect of the subject under investigation and analyzing its related elements through the use of specific statistical tools such as tables, figures, and others, while also addressing the case of Algeria.

The Concept of Economic Institutions Governance:

Below, we will clarify the fundamental concepts related to the governance of economic institutions:

Historical Overview:

The term "governance" traces back to an ancient Greek word from the 13th century, *kubernan*, which referred to the ability and skill of a ship captain in steering through waves, storms, and tempests, embodying noble values, ethical conduct, and integrity in safeguarding the lives and possessions of passengers, caring for entrusted goods, and ensuring their safe delivery to rightful owners while defending them against pirates and other dangers encountered during navigation. When such a captain successfully completed his mission and returned safely to the departure port, he was referred to as a *good governor*.

The term "governance" (*gouvernance*) was first used in Old French during the 13th century as a synonym for "government" (*gouvernement*). Similarly, it was employed in Latin under the term *gubernare* at the beginning of the 14th century with the same meaning. In English, the term *governance* was introduced to denote the method or process of management or rule (Ghadban, 2013, p. 2).

In the modern era, the concept of corporate governance emerged in the 1930s in the United States, where debates arose concerning the relationships between managers and shareholders. Berle and Means pointed to the risks inherent in the separation of ownership and management within corporations. This highlighted the need to control or monitor managers and to protect the interests of minority shareholders.

The concept of corporate governance evolved further following the Treadway Commission Report of 1987, which aimed to address concerns regarding the functioning of corporate administrative bodies and their relationships with shareholders. These concerns were structured around three main axes: the credibility or legitimacy of authority within corporations, the transparency of decision-making processes, and the effectiveness of corporate monitoring mechanisms (Thierry et al., 2003, pp. 103–104).

Efforts continued across most countries to establish corporate governance principles and rules; however, Arab countries were relatively late in officially issuing such frameworks. The earliest instances of establishing corporate governance principles in Arab countries date back to 2004 in Oman and 2005 in Egypt (Ben Saha & Boukhari, 2013, p. 333).

In Algeria, the term "good governance" (*gouvernance raisonnée*) was adopted as a synonym for corporate governance. It refers to an administrative and voluntary process aimed at achieving transparency and rigor in the management, administration, and monitoring of corporations, with the goal of ensuring the sustainability and competitiveness of the institution through: "defining the rights and duties of the stakeholders within the corporation, and sharing the powers and responsibilities arising from the initial step" (Ghadban, 2013, p. 6).

Definition of Corporate Governance:

Some authors provide a broad definition of corporate governance. In this context, G. Charreaux defines it as encompassing all organizational mechanisms that influence the distribution of authority and impact managerial decision-making. In other words, governance dictates managerial behaviour and guides their discretion.

This definition allows for a better understanding of the underlying challenges of corporate governance by involving all the relationships that a corporation maintains with its various stakeholders: shareholders, bankers, employees, clients, public authorities, and all parties interested in the corporation's activities.

The issue, therefore, extends far beyond the traditional focus on the relationship between managers and shareholders; it broadens to include all stakeholders. Consequently, governance not only ensures the proper use of resources to create and preserve wealth, but also aims to promote the common good, grounded in ethical principles.

According to J.-C. Shaw, the objective behind this concept is that the behaviour of leaders should enable humanity to advance while simultaneously fostering the development of social justice in a well-protected environment. Thus, corporate governance aligns with the goals of sustainable development (Thierry et al., 2003, pp. 107–108).

Objectives and Core Principles of Corporate Governance:

The Principles of Corporate Governance were approved in 1999 by the Ministers of the Organisation for Economic Co-operation and Development (OECD). Since then, they have been regarded as an international reference.

Corporate governance, through regulating the relationship between stakeholders, aims to achieve three main objectives: (Ghadban, 2013, p. 5)

- A **narrow approach** focusing on the necessity for governance to work in the interest of shareholders by reducing the cost of capital.
- A **broader approach** emphasizing the need to improve corporate performance as the center of wealth creation.
- A **comprehensive approach** which adds further responsibilities to corporate governance, such as commitment to social responsibility, business ethics, and so on.

Corporate governance encompasses all organizational mechanisms within the economic and social system with the objective of ensuring the achievement of common goals: security, prosperity, cohesion, order, system sustainability, and sustainable development.

The key principles on which corporate governance is based include: (Bakkour, 2013, p. 9)

- **Shareholder Rights:** Safeguarding secure ownership of shares, disclosure of relevant information, the right to vote, and participation in major decisions regarding the sale or restructuring of corporate assets, including mergers and new share issuances.
- **Equitable Treatment of Shareholders:** Ensuring fair treatment of all shareholders, including minority and foreign shareholders, and guaranteeing that all shareholders can seek effective redress for violations of their rights.
- **Role of Stakeholders in Corporate Governance:** Recognizing the rights of stakeholders established by law or through mutual agreements and encouraging active cooperation and communication between corporations and stakeholders to create wealth, employment opportunities, and ensure corporate sustainability based on sound financial practices.
- **Transparency and Disclosure:** Ensuring the accurate and timely disclosure of all material matters regarding the corporation, including financial performance, ownership, and governance structures and policies.
- **Responsibilities of the Board of Directors:** Ensuring the strategic guidance of the company, effective monitoring of management by the board, and the board's accountability and loyalty to the company and its shareholders.

Stakeholders Involved in the Implementation of Corporate Governance and Its Models:

Below, we clarify the stakeholders involved in the implementation of corporate governance and its various models:

Stakeholders in the Implementation of Governance: Corporate governance, in terms of the stakeholders involved in its implementation, can be divided into four main parties. These parties are both influenced by and influential in the proper application of governance and contribute significantly to its success or failure. These parties are as follows: (DJOUADI & BENAMARA, 2018, p. 101)

Shareholders: They provide the company's capital by owning shares in exchange for investment returns.

Board of Directors: They represent the shareholders as well as other stakeholders. Through its members, the Board of Directors is responsible for appointing executive managers who are entrusted with the daily management of the company's operations, in addition to monitoring their performance.

Executive Management: This body is responsible for the actual administration of the company and for providing performance reports to the Board of Directors. It also bears the responsibility for transparent disclosure of information and for enhancing the company's value by maximizing profits.

Stakeholders: It is important to note that shareholders are not the only creditors of the company. Maximizing shareholder value alone is insufficient if not accompanied by meeting the needs of a broader range of stakeholders both within and outside the company, such as creditors, suppliers, and employees.

Moreover, these various stakeholders may sometimes have conflicting interests. For example, creditors are mainly concerned with the company's ability to repay its debts, while employees are more interested in the company's ability to ensure long-term sustainability (Faddaoui, 2014, p. 44).

Models of Corporate Governance:

The methods adopted by different institutions to obtain financing and ownership are considered among the most important determinants of corporate governance.

The models vary from one country to another due to differences in economic, legislative, political, and social conditions, as well as the nature of relationships among various stakeholders.

It should be noted that leading governance models around the world have been classified into market-oriented models, network-oriented models, and hybrid models that combine features of both previous types.

The following table presents the main corporate governance models in practice:

Table 1: Corporate Governance Models

Model	Anglo-Saxon Model	German Model	Japanese Model	Hybrid Model
Objective of the Corporation	Maximize profits and owners' wealth.	Achieve the interests of various stakeholders, such as employees, lenders, and shareholders.	The corporation is a community with multiple stakeholder groups, aiming also to fulfill shareholders' desires and maximize their wealth.	Combines consideration of shareholders' interests with the interests of other stakeholder groups.
Stakeholder Group Influencing Management	Shareholders.	Shareholders and stakeholders (e.g., employees, banks).	Shareholders and stakeholders (e.g., employees, major clients, and banks).	Shareholders; however, influence is not absolute and requires consensus of 50% of shareholders.
Board of Directors	Relies on a single Board of Directors to manage the corporation.	Relies on two boards: – Supervisory Board: composed of representatives of shareholders and employees. – Management Board: responsible for overseeing executive management.	Relies on a single Board of Directors.	French law permits either a single Board of Directors or two separate boards; however, typically a single board manages the corporation.
Existence of an Efficient Market for Corporate Control	Active mechanism: capital markets are efficient with laws facilitating market control.	Passive mechanism: many laws restrict corporate takeovers, though some authors noted recent developments allowing more takeovers.	Passive mechanism: intertwined relationships and cross-shareholding between corporations limit takeovers, though some shifts have been observed.	Passive mechanism: used infrequently.
Ownership Concentration	Ownership is dispersed; e.g., in the U.S., laws prevent individual investors from owning beyond a certain limit.	High ownership concentration: the top five shareholders, primarily banks and institutional investors, may control up to 80% of shares; sometimes an individual investor holds more than 50%.	Moderate ownership concentration, lower than in the German model.	Companies may be controlled by the government or families; ownership is concentrated but less so than in the German model.
Executive Compensation	Strongly tied to performance and	Not primarily linked to performance.	Not primarily linked to executive	Generally not linked to performance, except in

	success achieved.		performance.	France where some performance-based incentives exist.

Source: (Faddaoui, 2014, pp. 91-92)

Objectives and Importance of Corporate Governance:

Objectives of Corporate Governance:

The rules of governance aim to regulate and guide administrative, financial, and technical practices, and to ensure adherence to established controls and policies. They address the proper application of rules, aid in attracting investments, enhance competitiveness, combat corruption in all its forms, whether administrative, financial, or accounting, and support the stability of financial markets and the improvement of the economy, through the following means: (Zerzar, 2010, p. 4)

- Emphasizing compliance with the law and ensuring the review of financial performance, while establishing administrative structures that enable the accountability of management before shareholders, along with the formation of an audit committee composed of non-board members, entrusted with various tasks, powers, and competencies to achieve independent oversight;
- Strengthening the element of transparency in all company transactions, operations, accounting procedures, and financial auditing in a manner that limits administrative and financial corruption: (Khalil & Al-Ashmaoui, 2008, p. 35)
- Improving the efficiency of the company's resource utilization and maximizing its market value, thereby enhancing its ability to attract necessary local and global financing sources for expansion and growth, enabling the creation of new job opportunities while working to reinforce market stability, which ultimately leads to achieving efficiency and development;
- Ensuring fair treatment of stakeholders in the event of the company's insolvency;
- Increasing confidence in the national economy, deepening the role of the capital market, enhancing its ability to mobilize savings, raising investment rates, and supporting competitiveness;
- Overseeing the company's social responsibility through appropriate procedures linked to activities serving the environment and society;
- Curbing potential managerial misconduct and ensuring effective alignment between the interests of management and those of shareholders (Talib & Al-Mashhadani, 2011, p. 43);
- Achieving long-term competitiveness, thereby creating incentives for development, the adoption of modern technologies, and raising investor awareness so that the company can withstand intense competition.

The Importance of Corporate Governance:

The importance of governance in corporate management is increasing in order to establish trust in the financial information contained in published financial statements, with the aim of protecting users of these statements. Corporate governance is considered one of the most essential and necessary processes for any company to perform its functions fully and to ensure the integrity of its board of directors, as well as to guarantee the company's fulfillment of its obligations and achievement of its goals in a lawful and sound economic manner. Generally, the importance can be distinguished between its significance for companies and for shareholders (Nasr Ali & Shehata, 2007, pp. 28–29).

The Importance of Governance for Companies:

The importance of governance for companies is evident in that it:

- Enables the enhancement of the company's economic efficiency by establishing foundations for the relationship between company managers, the board of directors, and shareholders;
- Leads to openness to global financial markets and the attraction of a broad base of investors to finance expansion projects;
- Companies that apply governance rules enjoy increased investor confidence, as these rules ensure the protection of their rights.

The Importance of Governance for Shareholders:

The importance of corporate governance for shareholders is reflected in that it:

- Assists in guaranteeing the rights of all shareholders, such as the right to vote and the right to participate in decisions related to any substantial changes that may affect the company's future performance;
- Full disclosure of the company's performance, financial position, and key decisions made by senior management helps shareholders assess the risks associated with investing in these companies.

Additionally, the importance of governance lies in: (Suleiman, 2008, p. 15)

- Reducing the risks related to financial and administrative corruption faced by companies;
- Raising the performance levels of companies, thereby driving economic development and progress in countries;
- Enhancing the competitiveness of national companies globally and opening new markets for them;
- Providing the regulatory framework through which a company can define its objectives and the methods for achieving them.

The Reality of Corporate Governance in Algeria:

The issue of governance, in general, was not initially raised for discussion in Algeria. However, following persistent pressure from international financial institutions, led by the International Monetary Fund and the World Bank, it became necessary to adopt governance principles both at the macro level in economic management and at the micro level in institutional management. This prompted the state to form a committee called the "Good Governance Committee," which some considered merely formal and primarily aimed at appeasing external parties exerting constant pressure.

Among the indicators suggesting the adoption of governance principles in Algeria are the following:

- **The Establishment of the National Body for the Prevention and Fight Against Corruption:**
  This body was created pursuant to Article 17 of Law No. 06-01 dated February 20, 2006, concerning the prevention and fight against corruption. Article 20 of the same law defined the missions of this body, which are as follows: (Official journal, 2006, p. 4)
  - ✓ Proposing a comprehensive anti-corruption policy embodying the rule of law and reflecting integrity, transparency, and accountability in the management of public affairs;
  - ✓ Providing guidance on corruption prevention to any individual, public or private entity;
  - ✓ Developing programs to raise public awareness of the harmful effects of corruption;
  - ✓ Collecting and centralizing all information that may contribute to uncovering acts of corruption and preventing them;
  - ✓ Internationally assessing the effectiveness of legal instruments and administrative procedures aimed at preventing and combating corruption;
  - ✓ Periodically receiving asset declarations from public officials;
  - ✓ Utilizing the public prosecutor's office to gather evidence and investigate facts related to corruption;
  - ✓ Ensuring the coordination and monitoring of activities and operations in the field.

Recently, this body joined the Arab Anti-Corruption and Integrity Network (ACINET), established in 2008, thereby becoming part of a group that includes 42 ministries and other bodies in the Arab region (ACIAC, 2013).

- **The Convening of the First Conference on Corporate Good Governance in January 2007:**

This conference served as a valuable opportunity for all active stakeholders in the corporate world to come together, representing the first scientific recommendation and step taken toward this goal (Ben Abderrahmane & Ben Cheikh, 2013, p. 4).

- **The Establishment of a Corporate Governance Working Group:**

Algerian business associations and federations took the initiative to explore ways to encourage the adoption of new governance practices within the business community, with the aim of attracting foreign direct investment. To lead this process, stakeholders from both the public and private sectors established in 2007 a Corporate Governance Working Group. This group worked in collaboration with the Global Corporate Governance Forum (GCGF) and the International Finance Corporation (IFC) to develop a Corporate Governance Guide for Algeria (Youb, 2017, pp. 92–93).

- **The Issuance of the Algerian Corporate Governance Guide:**

The 2009 Corporate Governance Guide in Algeria, titled the "Charter of Good Governance in Algeria," is derived from the principle that prudent management practices and measures are codified within the Charter, forming a reference for all stakeholders in the corporation. It serves as a practical and simplified tool to incorporate the fundamental principles of good corporate governance, aiming to initiate a process for the practical implementation of these principles. The Charter is positioned within the context of the existing legal and regulatory framework and aligns with its provisions.

- **The Governance Support Program in Algeria:**

A program for supporting economic governance, called "SPRING," was implemented in Algeria as part of the Governance Support and Implementation Program, funded by the European Union with an allocation of 10 million Euros. By December 2013, 63% of the funds had been utilized. The program was planned for a five-year period, ending in December 2018. It focused on assisting Algeria in improving economic governance, combating corruption, promoting democratic governance, and enhancing access to quality economic resources.

- **The Governance System in Algeria:**

Many studies, conferences, and symposiums held in Algeria have concluded that there is no effective application of governance principles in the country; rather, what exists is a form of random management. In order to establish a sound governance system in Algeria, there must be coordination among the following four elements:

- ✓ **Values:** Participation among individuals;
- ✓ **Structures:** State structures, ministries, and all state institutions;
- ✓ **Management Frameworks:** Methods of managing operations, equipment, raw materials, information, and human resources;
- ✓ **Means or Methods:** Including the state's policies, programs, and projects.

Moreover, there is no vision for the future, as there are no structures capable of anticipating new variables, and the management system currently in place remains administrative in nature. It should instead be based on a system focused on achieving desired results. Unfortunately, Algeria's management system is still far from this ideal (Miloudi, 2018, p. 151).

Today, Algeria ranks among the last countries in terms of corruption levels, according to Transparency International's Corruption Perceptions Index for 2018, where it ranked 105th out of 180 countries. This highlights that the implementation of governance mechanisms in Algeria remains weak despite the efforts exerted. This is due to several factors, including the legacy of centralized economic planning, excessive bureaucracy, and entrenched favouritism, all of which have contributed to the weakening of institutional development.

Amidst all these conditions, Algeria is witnessing the opening of its economy and is continuously striving to improve the business climate within a competitive environment. It has restructured all sectors and reformed the accounting system to lay the foundations for the four governance principles set forth in the "Algerian Charter." As a result of these restructuring efforts, the private sector has emerged and grown across all fields. Enhancing corporate governance will contribute to business expansion, improve the business climate, and support the recovery of the national economy.

Obstacles to the Application of Corporate Governance Principles in Algeria

There are several obstacles that hinder the effective implementation of corporate governance principles in Algeria. These obstacles may arise from within the company itself or from external factors, and they can be summarized as follows: (Sbayhi, 2013, p. 668)

Internal Sources:

These are mainly related to the lack of separation between ownership and management. In most global economies where corporate governance is effectively applied, companies strive to distance themselves as much as possible from family-owned businesses. It is not necessary for the Chairman of the Board or the Chief Executive Officer to be the individual holding the largest share of the company's stock or someone with extensive ties to shareholders. Rather, it is crucial that the chairman possesses a high degree of competence, efficiency, and effectiveness in managing the company.

Under this main obstacle, several secondary barriers emerge, the most notable of which are:

- **Board of Directors:**

The absence of a clear separation between the responsibilities of the Board of Directors and those of executive management, inadequate oversight levels, and an insufficient number of board meetings.

- **Board Members:**

The lack of a sufficient number of independent, non-executive directors on the Board who are capable of providing independent opinions and judgments, stemming from their sense of responsibility, experience, and understanding of the company's operations.

- **Board Committees:**

Particularly the Audit Committee, the Compensation and Nominations Committee, and the extent of their effectiveness and independence, including the presence of independent non-executive members within them.

6.2 External Sources:

These relate to the general investment climate in the country and the extent to which laws and regulations governing economic activities are available, ensuring that the implementation of corporate governance within companies is mandatory and that there are no contradictions with these laws.

Challenges to the Application of Corporate Governance in Algeria

The practical application of governance faces a set of challenges that can be summarized as follows: (Sbayhi, 2013, pp. 668–669)

Corruption:

The emergence of corruption is often linked to the absence of governance, leading to numerous serious and negative consequences. The spread of corruption resulting from the lack of governance causes the flight of foreign investments. Additionally, corruption incurs other economic costs, such as the reduction of government spending on socially-oriented projects and the worsening of resource misallocation.

The biggest challenge facing the implementation of governance is the expansion of corruption to include government agencies that are originally tasked with combating corruption. Corrupt governments often resist legislative reforms, aiming to maintain the corrupt environment from which they derive significant benefits.

Practical Implementation and Democracy:

While developing and emerging economies attempt to apply governance properly and effectively, they must simultaneously work on establishing the foundations of democracy, which brings several positive effects:

- Democracy serves as an automatic mechanism for the peaceful transfer of power, based on principles of pluralism and freedom, which act as barriers against any party or political force monopolizing power, thereby narrowing the scope of corruption and its negative impacts;
- Democracy provides legislative and parliamentary councils with the opportunity to perform their oversight and legislative duties independently and without any external pressures.

Respect for the Rule of Law:

Nothing can be effective unless it complies with the law, and the same applies to governance. Governance cannot exist without supportive and protective legal frameworks. The importance of the rule of law lies in its role as one of the key tools in attracting foreign investment. However, there may be contradictions between legal texts, thus special attention must be given to important elements to bridge the gap between law and its practical application, including: clarity, specificity, commitment to enforcement, and the establishment of rewards and penalties.

Establishing a Sound Relationship Between Stakeholders:

The acts of collusion and corruption between boards of directors and senior executive managers not only harm the rights of stakeholders but also endanger the company and its future.

Thus, it is crucial to implement a set of procedures and policies aimed at protecting the rights of stakeholders within the company.

Measures to Improve Corporate Governance in Algeria

For corporate governance to be properly implemented, a set of procedures must be adopted, forming the foundation of a corporate governance system aimed at improving institutional performance. These measures are as follows: (Sbayhi, 2013, p. 669)

Short-term Measures:

- The company must adopt a **written corporate governance policy** that is disclosed and announced. This policy should explain the establishment of the board of directors, the roles and qualifications of its members, and the creation of an advisory board.

  It should also clarify communication channels with minority shareholders and how they are treated, accounting and disclosure systems, the treatment of other shareholders, the appointment of independent auditors, and the publication of a timeline for company events;

- The corporate governance policy must stipulate the establishment of an **advisory board** composed of three to four members.

  The purpose of creating an advisory board is to assist in decision-making by providing management and the board with objective and independent perspectives, and to offer potential candidates for independent board member positions to the shareholders;

- The company must appoint a **delegated board member** chosen from among the market's experts;
- The company must adopt and publicly disclose a **corporate social and environmental policy** directed towards citizens;

- All essential company documents must confirm and guarantee **equal treatment of minority shareholders**, including internal regulations and the company's bylaws.

Medium-term Measures:

The corporate governance policy should aim to form the advisory board within one year, holding four meetings annually.

The company must establish a schedule for these meetings and prepare the necessary documents, which should be delivered to advisory board members before the meetings.

The corporate governance policy should include the following:

- Appointment of an **independent, non-executive board member** within two years (who can also be part of the advisory board);
- The company must disclose, in its **annual report to shareholders**, the contents and level of implementation of its written corporate governance policy and its corporate social and environmental policy towards citizens;
- The company must disclose, in its **annual report**, the degree of its compliance with corporate governance rules.

Conclusion

Corporate governance encompasses a blend of regulatory frameworks largely driven by the private sector. In countries with more advanced financial markets, governance rules, regulations, and structures are incorporated into laws that protect private property rights and shareholder interests. These are complemented by legislative provisions, regulatory rules, judicial decisions, and stock exchange registration requirements, forming an essential governmental infrastructure for corporate governance.

In addition to formal rules, companies adopt best practice principles and guidelines, which are continuously developed by the private sector and academia in response to prevailing market conditions and investor demands. Developing countries must take both elements into account, governmental infrastructure and best practices, as they seek to establish a corporate governance framework capable of enhancing investor confidence, attracting capital, and thereby promoting investment and economic growth. Of course, these principles must be adapted and modified to fit local needs, without neglecting the fundamental principles proposed by the Organisation for Economic Co-operation and Development (OECD).

From the above, the following conclusions can be drawn:

- The concept of governance is relatively new in usage and application; its understanding remains inconsistent among countries, especially Arab countries, due to the prevalent governance and management styles.
- Governance requires significant resources for effective application, which can be challenging given the scarcity of resources in some countries.
- Governance reform is a serious endeavour that demands strategies and methods to overcome the obstacles hindering economic development.
- Governance cannot be established without the rule of law, genuine democracy, political pluralism, and popular oversight.
- It is not possible to rely solely on the current legislative frameworks to implement governance in Algeria. Laws must be clear, consistent, easily applicable, and not open to dual interpretations, with all stakeholders participating in their formulation.

Key Recommendations

- Develop an effective mechanism to ensure a sufficient level of transparency for shareholders, allowing them to understand their rights and obligations through the company's founding documents;
- Establish regulations requiring companies to increase transparency and disclose all information related to company activities;
- Create harmony and alignment among the newly developed regulations and systems designed to address current economic requirements and developments;
- Devise means to combat the manipulative practices some company administrations resort to;
- Equip boards of directors and specialized personnel across various fields to enhance the oversight capacity of committees monitoring executive management activities;

- Clearly define the competencies and responsibilities among related entities to prevent overlap, conflicts, and disputes;
- To meet the requirements of good governance in Algeria, comprehensive development must be achieved across all sectors, including human development, political development, economic development, administrative development, social development, and technological development.

Conflict of Interest

The authors declare that there are no conflicts of interest regarding the publication of this article.

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