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Governance and Performance Development in The Algerian Economic Enterprises

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TABLE OF CONTENT

Content	Page
ACKNOWLEDGEMENT	ii
TABLE OF CONTENT	iii
LIST OF TABLES	v
LIST OF FIGURES	vii
INTRODUCTION	1
Introduction	1
Statement	2
Main Question	3
Sub-Questions	3
Research Hypotheses	3
Study Motivations	3
Objectives Motivations	4
Intrinsic Motivations	4
Objectives of the study	4
Significance of the Study	5
Defining of the operational concepts	5
Previous Studies	6
CHAPTER ONE: Corporate Governance	20
1.1 Introduction	20
1.2 Theoretical Framework of Corporate Governance	21
1.2.1 Defining Corporate Governance	21
1.2.2 The History of Corporate Governance	21
1.2.3 Theoretical Perspective on Corporate Governance	31
1.3 Corporate Governance Characteristics and the Benefits of Corporate Governance	41
1.3.1 Forms of Ownership	41
1.3.2 The Importance and the Benefits of Corporate Governance	43
1.3.3 Corporate Governance Characteristics	44
1.4 Corporate Governance Models and systems	46
1.4.1 Corporate Governance Models	46
1.4.2 Corporate Governance systems	49
1.5 Corporate Governance principals and mechanisms	61
1.5.1 Corporate Governance principals	61
1.5.2 Corporate Governance mechanisms	65
1.6 Summary	94
CHAPTER TWO: Organizational Development and Performance	95
2.1 Introduction	95
2.2 Theoretical framework	96
2.2.1 Organization Development Definition:	96
2.2.2 Historical Review of Organization Development :	97
2.2.3 Organization Development and Change	101
2.3 Organizational Development Characteristics and Objectives	102
2.3.1 Characteristics of OD	102

2.3.2 The objectives of organizational development in an organization	103
2.4 Organizational Development Theories	103
2.4.1 Classical Theories	104
2.4.2 Behavioral Theories	104
2.4.3 Modern Approaches	111
2.5 Organizational Development Interventions	124
2.5.1 Group-Level Interventions	125
2.5.2 Organizational-Level Interventions	135
2.5.3 Individual-Level Interventions	159
2.5 Organizational Performance	176
2.5.1 Literature of Organizational performance index	178
2.5.2 Performance Measurement	182
2.5.3 Roles of Performance Measurement	186
2.4 Summary	190
CHAPTER THREE: EMPERICAL STUDY	191
3.1 Introduction	191
3.2 Corporate Governance in Algeria	192
3.2.1 The framework of corporate governance in Algeria	194
3.2.2 Algeria`s Efforts in the framework of Corporate Governance	204
3.2.3 Practices of Corporate Governance in Algerian Companies	213
3.2.5 Problems of corporate governance in Algeria	215
3.3 Research Methodology	219
3.3.1 Research Methodology, population, and instruments	219
3.3.2 Measurement of Variables and Statistical Techniques	224
3.3.3 Tests of Study Validity	231
3.4 Research Findings and Discussion	241
3.4.1 General Information of Study Sample	241
3.4.2 Descriptive Statistics of Corporate Governance variable	246
3.4.3 Descriptive Statistics of Organizational Development variable	253
3.4 .4 Regression between Corporate Governance and Organizational Development	263
3.4.5 Hypothesis Testing	264
3.5 Summary	271
CONCLUSSION	272
Conclusion	272
Study Results	273
Recommendations	273
REFERENCES	273
APPENDIX	
ABSTRACT	

TABLES

Table	page
Table N 1.1 : Movement of Control and Responsibility in the Modern Corporation	31
Table N 1.2: the Network-oriented system	53
Table 1.3: Comparison for corporate governance systems	57
Table N 1.4: classification of monitoring mechanisms (Charreaux 2009)	67
Table N 1.5: Tactics for Managing and Partnering with External Stakeholders	86
Table N 2.1: Trends in OD	100
Table N 2.2 : Dimensions of differences and interferences between OD and CM	101
Table N 2.3 : Major Phases and Activities in Mergers and Acquisitions	152
Table N 2.4 : Career Development Interventions	166
Table N 2.5 : Work Diversity Dimensions and Interventions	172
Table N 3.1: the global problems of corporate governance for the Algerian SMEs	216
Table N 3.2 Operationalization and Measurement of Variables	225
Table N 3.3 : Axes of The Questionnaire	230
Table N 3.4 : Tests of Group Statistics	233
Table N 3.5: Test of Convergent validity (Corporate Governance)	234
Table N 3.6: Test of Convergent validity (Organizational Development)	234
Table N 3.7: Tests of Reliability Statistics	236
Table N 3.8 : Tests of Scale Statistics	236
Table N 3.9 : Tests of Reliability Statistics (Split-half method)	237
Table N 3.10: Tests of Scale Statistics	237
Table 3.11: The Classification of Cronbach's Alpha Coefficient	238
Table N 3.12: Tests of Reliability Statistics (Alpha coefficient method)	238
Table N 3.13: Tests of Normality	239
Table N 3.14: Sample distribution by sex	242
Table N 3.15: Sample distribution by age	242
Table N 3.16: Sample distribution by status	243
Table N 3.17: Sample distribution by qualification	243
Table N 3.18: Sample distribution by field	244
Table N 3.19: Sample distribution by work experience	244
Table N 3.20 : Sample distribution by life	245
Table N 3.21: Sample distribution by work force	245
Table N 3.22 : legislative and legal framework	246
Table N 3.23 : Board Responsibilities	247
Table N 3.24 : Shareholders Rights	248
Table N 3.25 : Internal Audit	249
Table N 3.26 : External Audit	250
Table N 3.27: Stakeholders Role	250
Table N 3.28 : Transparency and disclosure	252

Table N 3.29 : Corporate Governance mechanisms in Algerian companies	253
Table N 3.30: Company modification	253
Table N 3.31 : Acceptance of Development	254
Table N 3.32: Objectives of Development	255
Table N 3.33 : Organizational values	255
Table N 3.34: Organizational Design	256
Table N 3.35: Organizational Structure Modifications	257
Table N 3.36 : Authorities and Responsibilities	257
Table N 3.37: Communications	258
Table N 3.38: Total Quality Management	259
Table N 3.39: Technological development	259
Table N 3.40: Human Development	259
Table N 3.41: Training Programs	260
Table N 3.42 : Career Planning and Development	261
Table N 3.43: Organizational Stress Management	262
Table N 3.44: Organizational Development in Algerian companies	262
Table N 3.45: Model Summary	263
Table N 3.46: Regression analysis of variance table (ANOVA)	263
Table N 3.47: Coefficients	263
Table N 3.48: Model Summary (first hypothesis)	264
Table N 3.49: Regression analysis of variance table (ANOVA) (first hypothesis)	265
Table N 3.50: Coefficients (first hypothesis)	265
Table N 3.51: Model Summary (first hypothesis)	266
Table N 3.52: Regression analysis of variance table (ANOVA) (second hypothesis)	266
Table N 3.53: Coefficients (second hypothesis)	266
Table N 3.54: Model Summary (third hypothesis)	267
Table N 3.55: Regression analysis of variance table (ANOVA) (third hypothesis)	267
Table N 3.56: Coefficients (Third hypothesis)	268
Table N 3.57: Model Summary (Fourth hypothesis)	268
Table N 3.58: Regression analysis of variance table (ANOVA) (fourth hypothesis)	269
Table N 3.59: Coefficients (Fourth hypothesis)	269
Table N 3.60: Results of hypothesis testing	270

FIGURES

Table	page
Figure 1.1: The Agency Model	32
Figure 1.2 : Agency problems	34
Figure N 1.3: The Agency Theory	35
Figure 1.4: Managing The Stakeholders	37
Figure 1.5: shareholders classification	39
Figure N 1.6: Corporate Governance Characteristics	45
Figure 1.7: Corporate Governance Ander Shareholder and Stakeholder Approaches	48
Figure 1.8: Corporate Governance System	49
Figure N 1.9: The Anglo-Saxon corporate governance System	53
Figure N 1.10: Japanese System of corporate governance	56
Figure N 1.11: Germanic System of corporate governance	56
Figure N 1.12 : Chinese System of corporate governance	58
Figure N 1.13: Responsible parties for the implementation of corporate governance in IFIs	59 60
Figure N 1.14: Corporate governance structure for IFIs	66
Figure N 1.15: Monitoring mechanisms classification (Azim 2012)	113
Figure N 2.1: Katz and Kahn Open System Model	114
Figure N 2.2: Burke-Litwin Model	149
Figure N 2.3 : Culture components	156
Figure N 2.4 : The Self-Design Change Process	174
Figure N 2.5: Organizational Development Interventions	203
Figure N 3.1: model of governance for the Algerian SMEs.	218
Figure N 3.2: Conceptual Framework	227
Figure N 3.3: Sample distribution by sex	227
Figure N 3.5: Sample distribution by age	228
Figure N 3.6: Sample distribution by status	228
Figure N 3.7: Sample distribution by qualification	229
Figure N 3.9: Sample distribution by work experience	229
Figure N 3.10: Sample distribution by life	230
Figure N 3.11: Sample distribution by work force	230

INTRODUCTION

Introduction:

In classical economics, institutions were viewed as a collection of elements working together to achieve a shared goal: producing enough to meet market demand. Over time, as the 19th century ended, these institutions began to grow, naturally leading them to seek various funding sources to support their expansion. By the early 20th century, this growth culminated in the shift from institutions to corporations

However, this success was short-lived, as the financial system created by these corporations collapsed after World War I. The reason? It had several weaknesses. Economists then sought to address these issues by introducing laws and regulations related to corporate management, funding strategies, operational structures, marketing methods, and human resource management. As a result, corporations became more structured, evolving into organized entities

Organizational development theorists view an organization as a system made up of interconnected and interacting components, including individuals, tasks, technology, structures, and strategies, among others. It also encompasses frameworks that organize people in a way that ensures the smooth running of processes and the achievement of its core objectives. As such, the organization operates as an open system, influenced by the environment around it

For an organization to adapt to a complex and unstable environment, it must implement the right structure that clearly defines responsibilities, allocates tasks, and establishes a hierarchical system that ensures clear lines of authority without overlap. Effective management is crucial, as it plays a key role in overseeing the smooth operation of the organization. Beyond material resources, it's essential to prioritize human resources, recognizing them as a critical component in achieving organizational goals. The true strength of an organization lies in the skills and capabilities of its workforce, both individually and collectively, as valuable intellectual capital

Selecting the right organizational structure that suits the environment in which it operates involves distributing authority across different bodies within the organization. The general assembly supplies funding and appoints the board of directors, which is responsible for overseeing the activities of the executive management

Governance plays a crucial role in setting up procedures and rules that manage the interactions between the organization's entities. It also formalizes relationships with external parties involved with the organization, while ensuring the proper enforcement of these procedures and regulations

It is evident from this that commitment to governance ethics results in modifications to the organizational structure, improving its ability to adapt to the external environment, which consequently promotes its growth and development.

To support this argument with practical evidence, this study is structured into a general introduction, three chapters, and a conclusion. The introductory section outlines the research problem, hypotheses, objectives, and reviews relevant literature on the topic. The first chapter establishes the theoretical framework for governance and describes the various mechanisms employed to implement a governance system. The second chapter presents a conceptual framework for organizational development, highlighting its key theories, significance for organizations, and the interventions

INTRODUCTION

involved in the development process. The third chapter focuses on the field study; the first section provides an overview of the governance system in Algeria and the status of organizational development in Algerian institutions. The second section details the components of the field study, including methodology, study model, tools, variables, and various tests conducted. The final section discusses the primary findings, evaluates the hypotheses, and concludes with a summary that encompasses a discussion of the results, along with recommendations and proposals that may positively impact future field studies and research endeavors

Study Problem:

Governance is a modern topic of active discussion, and its importance in improving organizational environments should be emphasized, particularly in relation to mechanisms and procedures for administrative reform. These components play a vital role in a governance system that regulates operations and guides processes toward success and ongoing development

Organizational development views the institution as a system composed of various interconnected structures that perform diverse functions. Any disruption in one structure can lead to imbalances in others. This comprehensive concept revolves around introducing new organizational models that align with new types of activities, along with implementing systems, rules, and procedures for operations within these new frameworks. It also involves establishing supervisory and managerial relationships between the existing and new organizations. Additionally, active and aware leadership committed to these policies is essential, as is a strong emphasis on human resources as a critical element in executing changes. The focus is also on ensuring that the outputs of administrative organizations are characterized by quality and excellence to effectively contribute to improving economic and social welfare. Therefore, the primary goal of the organizational development process is to enable the organization to achieve its objectives with high effectiveness

Following this level of analysis, we can examine the results through the lens of governance. Simply put, governance involves systems that regulate the relationships among key parties impacting overall performance. It encompasses elements that enhance an institution's role and influence within society over time. The concept of governance emerged particularly after economic downturns and financial crises, gaining significance in organizational management, especially as capitalist systems increasingly depend on private enterprises for robust economic growth. This idea clearly illustrates the link between governance and organizational development regarding their causes, processes, foundations, and objectives. Additionally, there is a reciprocal relationship between the mechanisms used to achieve each, where both governance and organizational development inherently imply transformation.

From what has been discussed, it is clear that organizations seeking to advance themselves—be it through strategic, structural, or human development—to achieve their objectives and adjust to their environment, require effective management. This management must establish a solid communication system among various stakeholders within the organization as well as with relevant external parties. Such a system can be developed by implementing governance principles and mechanisms.

Similar to institutions worldwide and given the intricate environment in Algeria, Algerian economic institutions aim to enhance their development by implementing governance principles and mechanisms. This leads to the following key question:

INTRODUCTION

impact organizational development How does the application of governance mechanisms within Algerian economic institutions?

Sub-questions:

application of governance mechanisms impact the strategic development of Algerian economic enterprises ?

- ✓ How does the application of governance mechanisms impact the strategic development of Algerian economic enterprises ?
- ✓ How does the application of governance mechanisms impact the structural development of Algerian economic enterprises?
- ✓ How does the application of governance mechanisms impact the human development of Algerian economic enterprises?
- ✓ How does the application of governance mechanisms impact the development of human resource management in Algerian economic enterprises ?

Hypotheses

- ✓ The application of governance mechanisms leads to the strategic development of Algerian economic enterprises.
- ✓ The application of governance mechanisms leads to the structural development of Algerian economic enterprises.
- ✓ The application of governance mechanisms leads to the human development of Algerian economic enterprises.
- ✓ The application of governance mechanisms leads to the development of human resources management in Algerian economic enterprises

Reasons for Selecting the Topic:

It is widely acknowledged among researchers that the selection of a research topic is not an impulsive decision; rather, it is grounded in various justifications, which may be both objective and subjective. These rationales motivate the researcher to favor one topic over another. The decision to explore the subject of governance and its role in facilitating organizational development is influenced by the following considerations:

Objective Reasons:

These reasons stem from the intrinsic characteristics of the subject matter, along with its knowledge, cultural value, and practical significance. Key objective reasons pertaining to this study include:

- ✓ Over the past few decades, there has been a notable rise in interest in corporate governance across both developed and emerging economies, particularly following economic collapses, financial crises, and shifts in regulatory frameworks affecting numerous countries worldwide.
- ✓ Organizational development has emerged as a significant contemporary topic, with various institutions focusing on enhancing performance and quality while also addressing economic demands. This focus aims to facilitate adaptation to the external environment.

INTRODUCTION

- ✓ Establishing suitable strategies for achieving organizational development has become a central concern for all institutions, irrespective of their political, economic, or cultural contexts.
- ✓ There is a noticeable scarcity of comprehensive studies, particularly at this academic level, which presents opportunities for further exploration of this critical theoretical variable, especially regarding how governance influences organizational development.
- ✓ This research aims to address specific hypotheses that seek to unveil scientific truths and contribute to the body of knowledge.

Subjective Motivations:

Among the subjective reasons related to the personal motivations of the researcher in selecting the study topic are:

- ✓ The topic is feasible for study due to the availability of scientific, administrative, and economic conditions.
- ✓ The topic falls within the researcher's area of specialization, allowing for thorough investigation and exploration.
- ✓ A personal interest and inclination to understand everything related to governance, and identify the key steps to achieve organizational development.
- ✓ An understanding of the reasons for deficiencies and weaknesses that hinder institutions, particularly public ones, from adopting governance principles, along with an effort to activate public institutions and address the criticisms they face, which have become actual obstacles preventing them from achieving their goals.

Study Objectives:

In addition to attempting to answer the main question of this study and its sub-questions, this research aims to:

- ✓ Highlight the Algerian experience in the field of corporate governance by diagnosing the effectiveness of the internal and external mechanisms of the system.
- ✓ Corporate Governance in Algeria
- ✓ Understand the level of commitment of Algerian institutions to corporate governance principles.
- ✓ Clarify the fundamental elements that constitute corporate governance principles and their importance in the business environment.
- ✓ Assess the current state of organizational development at various levels and types within public economic institutions.
- ✓ Identify the approaches to organizational development and study the necessary changes to be made within each approach.
- ✓ Attempt to understand how organizational development can be achieved within Algerian institutions, including the new impacts it creates and the level of development that can be attained.
- ✓ Use the findings of the study to identify the shortcomings and challenges facing Algerian economic institutions.
- ✓ Utilize the study results to identify the shortcomings and challenges facing Algerian economic institutions.

INTRODUCTION

Significance of the Study

The significance of this study lies in its focus on two of the most important contemporary topics that receive considerable attention at both global and regional levels: corporate governance and organizational development. The study aims to uncover the level of application of governance principles in Algerian companies, as well as to understand the aspects that can influence their adherence to these principles. Additionally, it explores the legal coverage of corporate governance indicators within Algerian commercial law and related regulations, identifying weaknesses and highlighting strengths and distinctions where applicable.

The findings of this study can assist decision-makers in these companies in enhancing internal control systems and improving performance and competitiveness. Moreover, it aims to alert regulatory and supervisory bodies to the significance of the adopted control systems within modern frameworks.

On another note, the importance of studying the topic of organizational development in Algerian public economic institutions is highlighted by the need to understand the actual implementation of this concept in reality. This approach has been adopted in many Western organizations and represents a vital concept that has attracted attention from various organizational theories, whether traditional or modern. The study will also provide a logical and realistic analysis of the current situation, whether positive or negative, given that organizational development is a necessary requirement for achieving organizational effectiveness.

Defining the Operational Concepts of the Study

⇒ Definition of Corporate Governance:

Corporate governance refers to a management philosophy and a set of practical measures designed to ensure the sustainability and competitiveness of the institution by: defining the rights and duties of the active parties within the institution; and sharing the powers and responsibilities that arise from this.¹

⇒ Definition of Performance:

Performance is a reflection of how financial or human resources in the organization are used and exploited to achieve the desired goals.

⇒ Definition of Organizational Development:

Organizational development is considered a set of planned and organized efforts by the organization at the strategic, structural, and human levels aimed at increasing competitiveness and enhancing adaptability to the external environment.

⇒ Definition of Public Economic enterprises:

A public economic institution is an economic project as it represents an economic unit and a means of production, in contrast to the administrative facilities of the state. The public economic institution engages in production, transportation, and exchange activities, characterized by adherence to market laws and planning necessities. Thus, it operates as an industrial or commercial activity within a

¹ Ministry of Small and Medium Enterprise and Handicrafts and GOAL (2009), " The Algeria corporate Governance Code ", Algeria, p 16.

INTRODUCTION

competitive or monopolistic field to meet the requirements of economic planning. It is an optimal approach for seeking financial returns and achieving greater profits. Although this is the primary goal justifying its existence, it does not preclude the pursuit of social objectives and the aim of achieving sufficiency in social needs.²

Previous Studies:

Previous studies serve as a scientific foundation for any research and represent a necessary knowledge background for any researcher, as they are a primary guide for exploring many aspects of the current study's topic, concerning both the addressed aspects and those still under academic discussion and debate. The researcher's work and study are inter connected with numerous previous attempts, which support the formulation of the study's questions and hypotheses, considering that science is a collection of theoretical accumulations that facilitate the advancement of research and familiarity with the issues and aspects related to the study. This enables the researcher to manage its data in the social reality.

In this context, the current study relies on a collection of Arabic and foreign studies and research to achieve the aforementioned objectives. Below are some of them:

A study titled "The Framework of Corporate Governance in Algeria: Reality and Prospects," a field study by Yergi Hussein and Ali Abdul Samad Omar, 2012.

Summary

This study was conducted on a number of companies listed on the Algerian stock exchange, totaling 7 companies. The purpose of this study is to identify the reality of corporate governance in Algeria. To achieve this goal, a governance index was constructed based on the principles of the Organisation for Economic Co-operation and Development (OECD). The study concluded that the companies under investigation adhere to governance principles at a moderate level. The researchers recommended the need to issue a mandatory governance guide for the Algerian stock exchange and to establish a governance committee responsible for monitoring the application of governance principles in the company.

Problem Statement:

What is the reality of governance for institutions listed on the Algerian stock exchange?

Study Population:

The Enterprises listed on the Algerian stock exchange, which number 7, are: Sonelgaz, Saidal, Aurassi Hotel, Alliance Insurance, Dahli Company, Air Algerie, and Algeria Telecom. The target group consists of board members, audit committee members, senior management, and internal auditors.

Sample of the Study:

A random sample representing the study population, consisting of 110 copies, of which only 85 were retrieved.

² سعاد نويري، النظام القانوني لعقود المؤسسات العمومية الاقتصادية في الجزائر، دون طبعة، دار النهضة العربية، الجزائر، 2009، ص 24.

INTRODUCTION

Hypotheses of the Study:

- ✓ Entreprises listed on the Algerian stock exchange adhere to the principle of board responsibilities.
- ✓ Enterprises listed on the Algerian stock exchange adhere to the principle of shareholder rights.
- ✓ Enterprises listed on the Algerian stock exchange adhere to the principle of equitable treatment of shareholders.
- ✓ Enterprises listed on the Algerian stock exchange adhere to the principle of disclosure and transparency.
- ✓ Enterprises listed on the Algerian stock exchange adhere to the principle of stakeholder roles.

Study Tool:

A questionnaire based on OECD principles, divided into two parts: the first part is dedicated to personal and job-related information, and the second part relates to the extent to which the institutions in the sample apply OECD principles.

Results:

All hypotheses were confirmed, specifically the third one regarding the equitable treatment of shareholders, indicating that the institutions under study adhere to the implementation of governance principles at a moderate level.

Study Title: The Impact of Governance Application on the Quality of Financial Auditing by Hamadi Nabil, 2012

Summary

This study was conducted to determine the impact of governance application through its internal mechanisms on the quality of financial auditing in Algeria. Two questionnaires were designed for this purpose: the first one gathered data on the internal governance mechanisms and was distributed to a sample of public economic institutions, while the second questionnaire collected data on audit quality and was provided to a sample of academic and professional auditors. Multiple linear regression models were used to clarify the impact. The study found that governance, through its internal mechanisms, has a positive effect on the quality of financial auditing. Additionally, governance explained 81% of the changes in financial auditing quality. To improve governance implementation and enhance the quality of financial auditing in Algeria, a set of recommendations was made, including improvements to the Board of Directors, internal auditing, disclosure practices, and conditions for improving the practice and quality of financial auditing.

Study Question:

How will the implementation of governance in Algerian institutions, through its internal control mechanisms, impact the quality of financial auditing?

Hypotheses

- ✓ There are several factors and conditions that necessitate the presence of both governance and financial auditing together, especially the separation of ownership from management and financial crises.

INTRODUCTION

- ✓ The quality of financial auditing is judged based on its ability to detect errors and violations, adherence to professional standards, or the ability to meet the needs of financial statement users.
- ✓ The role of governance's internal control mechanisms within an institution varies according to the nature and substance of each mechanism, resulting in different impacts on financial audit quality.
- ✓ The implementation of governance in Algerian public economic institutions will increase the quality of financial auditing.

Study Sample:

To achieve the research objectives, two samples were used. The first sample consisted of four public economic institutions: the General Directorate of Saidal Group, the Regional Directorate of Sonelgaz, the General Directorate of Sonatrach, and the General Directorate of the Public Roads Works Corporation. The second sample included seven offices of chartered accountants, ten offices of auditors, and twenty university professors specializing in auditing.

Study Tool

The study relied on two questionnaires: the first was dedicated to the internal governance mechanisms, and the second was dedicated to the quality of financial auditing

Study Model

After measuring the level of governance implementation in the institutions of the research sample and determining the quality of financial auditing from the perspective of academics and practitioners, four statistical models were estimated and tested as follows

- ✓ The first model combines quality as the dependent variable and internal governance control hypothesis of the mechanisms as independent variables. This model aims to test the first sub-main fourth hypothesis
- ✓ The second model combines quality as the dependent variable and the variables of the Board hypothesis -It aims to test the second sub .of Directors mechanism as independent variables .of the main fourth hypothesis
- ✓ The third model combines quality as the dependent variable and the variables of the internal the hypothesis of-auditing mechanism as independent variables. It aims to test the third sub .main fourth hypothesis
- ✓ The fourth model combines quality as the dependent variable and the variables of the hypothesis of -disclosure mechanism as independent variables. It aims to test the fourth sub .the main fourth hypothesis

Study Title: "Effectiveness of Applying Governance Principles in Supporting Disclosure Elements and Their Impact on Financial Performance" by Dhouifi Hamza, 2015

Summary:

This study was conducted on a group of companies affiliated with the Sonelgaz conglomerate with the aim of demonstrating the effectiveness of applying governance principles on disclosure, information quality, and their impact on financial performance, which is primarily reflected in the efficiency of the company's financial function and its ability to mobilize financial resources.

INTRODUCTION

Additionally, the study sought to diagnose the practical reality of governance in Algeria and the extent of its actual practice.

To achieve this, a questionnaire was distributed to the joint-stock companies under study. In parallel, the financial statements of these companies were analyzed to assess their financial performance and determine the relationship between the proper application of governance principles and financial performance.

The study reached several important conclusions, most notably the existence of a statistically significant positive relationship between the effective application of governance principles on the one hand, and accounting disclosure, information quality, and financial performance on the other hand.

Study Problem

To what extent can the implementation of governance principles affect disclosure and the quality of accounting information? And what are the implications for the financial performance of Algerian companies?

Study Hypotheses:

- ✓ The companies under study adhere to the principle of having a sound and effective basis for governance rules.
- ✓ The companies under study comply with the principle of shareholders' rights.
- ✓ The companies under study adhere to the principle of respecting the rights of stakeholders.
- ✓ The companies adhere to the principle of the responsibilities and functions of the Board of Directors.
- ✓ The companies under study disclose information with qualitative characteristics.

Study Sample:

The study is limited to five companies affiliated with the Sonelgaz Group, three of which are engaged in electricity production and transmission, and gas transmission, while two companies operate in construction and industrial production.

Study tool:

The researcher relied on a questionnaire distributed to the selected study sample. This tool was designed according to the objectives, and questions specific to the topic and consisted of three parts:

- ✓ **Part One:** Contains questions related to the personal information of the study sample.
- ✓ **Part Two:** Includes the second section of the questionnaire on governance principles, consisting of about 15 statements.
- ✓ **Part Three:** Contains the third section of the questionnaire focused on the key elements of disclosure, comprising seven statements.

Study Results:

The study of the application of governance principles in the companies under review revealed that there was no separation between the position of the Board of Directors and the CEO in the study sample. It was also found that employees were not involved in performance through participation in company policy formulation and decision-making. As for the other elements, they were applied to a good extent, and overall, the practice of governance in the sample ranged between 83% and 89%.

INTRODUCTION

The aspect of estimating and testing the relationship between the application of governance principles and the key elements of disclosure was studied by proposing a multiple linear model, which showed that the effect of governance principles on disclosure elements is a positive relationship. In other words, the presence of any governance principle results in an increase in disclosure elements by varying percentages.

The aspect of estimating and testing the relationship between the application of governance principles and financial performance indicators was studied by proposing simple linear models, all of which showed a positive effect of governance principles on performance indicators. The application of any governance principle results in an increase in performance indicators by different percentages.

Based on the results, all study hypotheses were accepted.

Study Title: Family-Owned Companies and the Costs of Governance Mechanisms: A Discriminant Analysis Study of a Sample of Algerian Companies by Ben Zaoui Mohamed Cherif, 2018.

Summary

This study aimed to highlight the importance of the costs associated with governance mechanisms when analyzing the decision to implement them by companies. This was achieved through a discriminant analysis of a sample of 112 non-listed Algerian companies. Data were collected using the commercial registry platform and through manual collection from the companies under study. The discriminant function model indicated that family-owned companies do not prioritize all corporate governance procedures, as they compare the costs of these mechanisms with the benefits derived from them.

Study Problem

Does the cost of governance mechanisms affect their adoption by Algerian companies, particularly family-owned ones?

Sample of the Study

The sample consists of a purposive selection of 112 non-listed Algerian companies distributed across four sectors: the commercial sector, the services sector, the industrial sector, and the construction and public works sector. The sample was divided into two groups: family-owned companies, numbering 43 and designated with the code 1, and non-family companies, numbering 56 and designated with the code 0.

Hypothesis of the Study:

Algerian companies implement a range of corporate governance mechanisms, which incur a certain level of costs that the company is willing to bear if they are lower than the average costs arising from the agency risk the institution is expected to endure. Therefore, family-owned companies implement fewer governance mechanisms based on the nature of the agency problem they face.

Model of the Study

A discriminant analysis was conducted to build a model (discriminant function) where the dependent variable, representing the classified variable of the model, is a qualitative variable that takes the value

INTRODUCTION

of 1 for family-owned companies and 0 for non-family companies. The independent variables differ in content between performance-related variables and those related to governance mechanisms.

Results of the Study

Through this study, a discriminant analysis was performed on a sample of 112 non-listed Algerian companies, with the classified variable being (Ow.5), a qualitative variable that takes the value "1" for family-owned companies and "0" for other companies. A discriminant function with high discriminative power was obtained, featuring the variables that most distinctly differentiate between family-owned companies and other companies. All these variables were related to corporate governance procedures.

Study of Corporate Governance Strategies to Improve Organizational Performance in the Accounting Industry by Andress Walker 2018

Abstract:

The purpose of this multiple case study was to explore strategies that senior managers in the accounting industry implement to enforce corporate governance and improve organizational performance. The conceptual framework for the study was stakeholder theory. The population for this study included 3 senior managers of 3 different organizations in the accounting industry located in western United States. Data were collected through semi structured face-to-face interviews and from review of documented corporate governance strategies. The data analysis consisted of the following steps: compiling the data, disassembling the data, reassembling the data, interpreting the data, and drawing conclusions. Three themes emerged from this study: corporate governance, laws, rules, and regulations; the role of corporate governance in organizational performance; and effective corporate governance strategies. The results of this study may contribute to social change by improving the quality of employees' work lives. With improved quality of employee work life, employers may benefit from higher productivity, and consumers may experience improved services.

Study Question:

What strategies do senior managers implement to enforce CG and improve organizational performance in the accounting industry?

Assumptions:

The first assumption was that senior managers have a vast knowledge of the CG strategies that exist in their business.

The second assumption was that participants would fully disclose current methods of implementation and enforcement of CG procedures, rules, and regulations.

The third assumption was that the interviewees would provide truthful responses.

Study Instruments:

A multiple case study design was proper for this study because the objective was to conduct semi-structured interviews and ask in-depth questions (9 questions) of organizational leaders about how implementation and enforcement of CG strategies could improve organizational performance in the accounting industry.

INTRODUCTION

Participants:

The participants of this study consisted of three senior managers who had successfully implemented CG strategies to enhance the organizational performance of an accounting department.

Study Results:

Three major themes arose from the responses provided by participants to the interview questions. The themes were as follows: (a) CG, laws, rules, and regulations; (b) the role of CG in organizational performance; and (c) effective CG strategies.

Theme 1: Corporate Governance, Laws, Rules, and Regulations

The three organizations were consistent, in that law, rules, and regulations were a major part of the structure of what CG strategies were implemented and enforced.

Theme 2: The Role of Corporate Governance in Organizational Performance

The findings of this study showed that senior managers and upper management emphasized communication, clarity, processes, compliance, and adherence to policy and procedure.

Theme 3: Effective Corporate Governance Strategies

This study showed that senior managers and boards of directors worked together to develop effective CG strategies for implementation throughout the organization. Each participant shared the same thoughts concerning the role that laws, rules, regulations, policy, and procedures contributed to the development and implementation of CG strategies. Adhering to mandated requirements was the crux of the formulation of CG strategies.

Study Title: Corporate Governance in the Algerian Business Environment by Nour Eddine Chenoufi and Bouzidi Khalil 2019

Summary

principles in reducing agency This study aims to highlight the role of governance mechanisms and problems by managing stakeholders according to the OECD 2015 principles. It also seeks to determine whether there is a correlation and integration between governance mechanisms. To achieve this, a questionnaire was developed to collect information, which was distributed to three public economic companies in Algeria. The study concluded that there is a commitment to applying .corporate governance principles, significantly attributed to governance mechanisms

Study Problem

extent do companies adhere to corporate governance principles in the Algerian business To what environment?

Sample of the Study

The field study targets three public economic companies located in General Maritime Services Company, and Batimtal Company

Hypotheses

- a) In light of the modern approach to corporate governance, it is essential to strengthen governance mechanisms, primarily the board of directors, audit committee, and internal audit,

INTRODUCTION

due to the nature of the interrelationship among them, facilitating an effective internal control system that allows for risk management and administration.

- b) Algerian companies have implemented improvements at all organizational levels, contributing to enhancing the supervisory roles of the board of directors, developing the role of internal audit, and improving transparency and relationships with investors, ensuring equal rights and treatment for shareholders, reflecting good corporate governance practices in Algeria

Study tool

The study employed a closed questionnaire method to collect data across three axes to test the relationship between internal corporate governance mechanisms (board of directors, audit committee, internal audit) and evaluate the commitment to governance principles. The questionnaire was structured around three axes: the first included the controlling variables, the second focused on governance principles according to the OECD 2015 principles, and the third concerned internal governance mechanisms based on the theoretical framework of the study. Experts in corporate governance and a linguistic auditor for clarity and understanding reviewed the questionnaire. A total of 50 questionnaires were distributed to board members, audit committee members, and internal auditors, with 47 returned. Upon review, only 39 questionnaires were valid for the study.

Study Results

- a) First hypothesis: Rejected. The field study results showed a weak, insignificant positive relationship between the board of directors and the audit committee. However, there was a positive relationship between the audit committee and internal audit. The significant strong relationship between the board of directors and internal audit was insignificant and inverse, demonstrating the crucial role of the audit committee as a link between the board and internal audit.
- b) Second Hypothesis: Accepted. Algerian companies have made improvements at all organizational levels, enhancing the supervisory functions of the board of directors, developing the role of internal audit, and improving transparency and relationships with investors, thereby ensuring equal rights and treatment for shareholders.

Study of Corporate Governance Models in Algerian Small and Medium Sized Enterprises by Fellag and Tegrerout 2019

Summary

Liability companies in the stock companies and limited-liability study was conducted on a group of joint Sidi Bel Abbes and Chlef provinces to shed light on governance practices in the Algerian small and medium sized enterprises (SMEs) sector. The aim was to determine and establish an appropriate governance model for these types of institutions. To achieve this, a questionnaire consisting of five governance model for these types of sections was designed and distributed to the studied institutions. The study found that the ownership structure in these institutions tends to be centralized and that they build good relationships with stakeholders, both internally and externally, indicating that the level of governance implementation is generally acceptable.

INTRODUCTION

Study Problem

What is the appropriate governance model for Algerian small and medium- enterprises?

Study Hypotheses:

- ✓ The ownership structure of the studied institutions tends to be widespread
- ✓ The relationship between the institution and external actors is good
- ✓ The relationship between the institution and internal actors is good

Study Sample:

The study sample consisted of 15 joint- stock and limited liability companies distributed across the Chlef and Sidi Bel Abbes provinces. The questionnaire was distributed to members of these Chlef and Sidi Bel Abbes companies, including owners, shareholders, stakeholders, and managers

Study Tool

A questionnaire consisting of 57 questions was designed and divided into five sections as follows

Section One: Dedicated to personal information of the respondents

Section Two: corporate governance in the Contains 9 questions focused on studying the reality of institutions under study

Section Three: Contains 8 questions dedicated to studying the ownership structure and the role of partners in the institutions under study

Section Four: Contains 29 questions focused on studying the internal stakeholders and their relationships within the institutions under study

Section Five: Contains 11 questions focused on studying external stakeholders and their relationships with the institutions under study

The questionnaire was distributed to 75 individuals, but only 67 responses were analyzed due to the .invalidity of the others

Study Results

- ✓ According to the results, the study concluded that the ownership structure in these institutions tends to be centralized
- ✓ The institutions under study build good relationships with their stakeholders, both internally and externally
- ✓ The level of governance implementation in these institutions is generally acceptable
- ✓ .The first hypothesis was rejected, while the second and third hypotheses were accepted

Study Title: Organizational Development and Its Impact on Employee Performance within the Algerian Entreprises -Study of Omar Ben Omar Mills by Naima Souteh and Azhar Al A Case Aqbi (2019

Summary

This study was conducted at Omar Ben Omar Mills in Galma, branch of the Omar Ben Omar along with ,industrial group. The researchers used a questionnaire distributed to the sample group other tools such as observation, interviews, documents, and statistics to study and improve employee

INTRODUCTION

performance through organizational development. The study found that the institution conducted training sessions for employees and made improvements to its organizational structure. It also upgraded the technology used to enhance employee performance.

Study Problem

How does the process of organizational development affect employee performance within the Algerian enterprises, using Omar Mills as a case study Omar Ben ?

Study Hypotheses

- ✓ Employee training contributes to improving their work performance
- ✓ Activating the organizational structure within the institution facilitates the accomplishment of their tasks
- ✓ contribute to enhancing employee performance in the Technological improvements institution

Study Sample

The study was conducted on a sample consisting of 170 individuals, distributed as follows: 83 executives, 50 control agents, and 37 execution agents

Study Tool

A questionnaire was designed, divided into five main sections as follows

- Section One: This section was dedicated to the personal information of the respondents
- Section Two: This section includes data reflecting the hypothesis regarding the role of employee performance training in improving, within enterprise containing 10 questions ,
- Section Three: This section includes data reflecting the second hypothesis, which revolves around the various modifications made to the organizational structure of the institution and their impact on employee performance, containing 12 questions
- Four: This section contains 9 questions that reveal the improvements Section and developments occurring to in the technological aspect enterprise whether in terms of the machines and devices used, or in terms of the methods employed in work, reflecting the third hypothesis
- Section Five: This section is dedicated to studying external stakeholders and their relationships with enterprises under study

The questionnaire was distributed to 288 individuals, but only 170 responses were analyzed due to the others the invalidity

Study Results

The first hypothesis was validated, as the results showed that the training programs implemented by the institution significantly contributed to improving the performance of the workers

the results indicated that the institution underwent The second hypothesis was validated, as modifications in its organizational structure, allowing for the redistribution of workers based on competence and qualifications, which in turn enhanced their professional performance

INTRODUCTION

The third hypothesis was validated, as the results revealed that the institution underwent technological improvements focusing on updating machinery and methods of work, which helped employees perform their tasks more efficiently and, consequently, improved their professional performance.

Study Title: The Application of Governance as an Entry Point for Organizational Development (2020) in Emerging Saudi Universities by Bandar bin Abdul Rahman

Summary :

This study aimed to propose a framework for applying governance as an entry point for organizational development in emerging Saudi universities, based on the perspectives of academic leaders. It sought to reveal the reality of governance and organizational development practices in these universities, renew the requirements for governance application, and identify the statistical significance of differences between average estimates of governance and organizational development attributed to the university, nature of work, academic rank, and years of leadership experience. The study found that the universities under investigation adopt governance principles at a moderate level, despite applying governance requirements effectively. Additionally, they focus on strategic and structural development while somewhat neglecting the human aspect.

Research Problem

What is the reality of governance and organizational development in emerging Saudi universities?

Research Methodology

The descriptive survey method was used.

Study Sample

The study population comprised 524 academic leaders (deans of colleges, their deputies, deans of emerging Saudi (supporting deanships, their deputies, and heads of academic departments Batin, Jeddah, and Bisha). The sample size was 225 leaders, -universities (Shaqra, Hafr Al representing 42.93% of the study population.

Study Tool

A questionnaire was utilized as the study tool.

Study Results

Academic leaders rated the reality of governance application in emerging Saudi universities as moderate with a mean score of 3.00. All areas of governance were rated at a moderate 'level' ordered as follows:

- 1) Autonomy and Academic Freedom
- 2) Accountability and Oversight
- 3) Making-Decision Sound
- 4) Disclosure and Transparency
- 5) Active Participation

INTRODUCTION

The assessment of organizational development in these universities was also rated at a moderate level with a mean score of 3.13. All areas were rated moderately ordered as follows: Strategy, Technology, Organizational Structure, Human Resource Development

The assessment of the requirements for applying governance was rated high, with a mean score of 3.75: All areas were rated highly, ordered as follows: Materials, Organizational Resources, Human Resources

Statistical differences were found between the average responses regarding governance, specifically in the areas of disclosure and transparency, active participation, and human resource development, attributed to the university, favoring Bisha University over Jeddah University

Differences were observed based on academic rank, favoring professors and associate professors over assistant professors. Differences were also noted based on nature of work, favoring deans, and differences according to years of experience, favoring those with more than 10 years and between 5 to less than 10 years compared to those with less than five years

Significant differences in the requirements for applying governance were noted based on academic rank, favoring associate professors over assistant professors, and professors over assistant professors. Differences were found based on nature of work, favoring deans over deputies and department heads, and differences according to leadership experience, favoring academic leaders with 5 to less than 10 years and over 10 years of experience compared to those with less than five years

A study entitled The Impact of Organizational Development on the Reliability of Accounting Information by Abdullah Muftah and Al-Shuwairf Ibrahim Ali and Hassan Zablah 2021

Study Summary

This study was conducted on a sample of 10 insurance Misurata targeting all managers, administrators, and accountants within these companies. It aimed to investigate the impact of organizational development dimensions on the reliability of accounting information. The study found that technological development has a positive relationship with the reliability of accounting information while behavioral development and structural development did not show a statistically significant relationship

Study Problem

To what extent does organizational development (behavioral development, structural development, and technological development) affect the reliability of accounting information in insurance companies operating in Misurata?

Study Hypotheses

There is a statistically significant positive effect of behavioral development on the reliability of accounting information at the 0.05 significance level in insurance companies operating in Misurata

There is a statistically significant positive effect of structural development on the reliability of accounting information at the 0.05 significance level in insurance companies operating in Misurata

There is a statistically significant positive effect of technological development on the reliability of insurance companies operating in Misurata accounting information at the 0.05 significance level in

INTRODUCTION

Study Sample

The study was conducted on a sample of 10 insurance companies in Misurata, and the questionnaire targeted all managers, administrators, and accountants in these companies, with a total of 67 respondents

Study Tool

:A questionnaire was designed, divided into five main sections

Section One : Personal information of the respondents

Section Two : Data reflecting the opinions of the sample regarding the effectiveness of behavioral questions 7 development, containing

Section Three: Data reflecting the opinions of the sample regarding the effectiveness of structural development, containing 7 questions

Section Four: Data reflecting the opinions of the sample regarding the effectiveness of technological development, containing 3 questions

Section Five: Data reflecting the opinions of the sample regarding the reliability of accounting information, containing 5 questions

Study Model :

Two models were used for data analysis:

Measurement Model: This model ensures the validity and reliability of the questionnaire items in measuring the study variables

Structural Model: This model identifies the relationships between latent variables

Study Results

organizational processes have been Descriptive analyses of structural development indicate that .simplified, with clear task assignments, responsibilities, and no duplication of roles

Behavioral development showed positive results, indicating that human resource tasks are .processes are effective making-functioning efficiently, and decision

Technological development scored high, with continuous updates in line with technological .advancements, particularly in file management and financial operations

The reliability of accounting information was found to be some emphasized, with heavy what .reliance on accounting information systems, which assist management in evaluating policy outcomes

When testing the relationship between behavioral and structural development and the reliability of significant positive correlation was found. However, technological accounting information, no .development showed a positive relationship with the reliability of accounting information

INTRODUCTION

Commentary on Previous Studie:

The previous studies present a diverse range of perspectives and the scope of issues related to governance and organizational development, each addressing specific aspects according to the varying objectives of the researchers. Some studies focused on assessing the reality of corporate governance in Algeria through the examination of governance principles. In this context, the first, fourth studies share similarities with the current study in their focus on the application of third, and .corporate governance principles in Algeria

Conversely, other studies aimed to describe the governance system adopted by Algerian companies by investigating governance practices and mechanisms. These include the second, fifth, and sixth studies, which differ from the current study as they do not address the corporate governance system .in Algeria

A third group of studies examined the reality of organizational development within institutions through specific approaches, namely the seventh, eighth, and ninth studies. These studies diverged from the current research in terms of the nature of the organizational development approaches discussed. The seventh and eighth studies explored only three approaches, while the current study investigated four approaches. The ninth study, however, aligns with the current research by establishing a connection between the concepts of governance and organizational development, a .connection that the seventh and eighth studies did not address

Moreover, all these studies agreed that these companies tend to focus on structural and technological .study aspects while neglecting the human dimension, a conclusion that is also reflected in the current

Finally, the last study examined corporate governance strategies that lead to improved company performance, finding that a significant portion of governance principles in the United States is results of the current study, highlighting the derived from the law. This finding resonates with the .universal relevance of legal frameworks in shaping governance practices

CHAPTER ONE : CORPORATE GOVERNANCE

1.1 Introduction:

In the previous part, an extensive analysis was conducted on the overall framework of this study. This included a detailed discussion on the research problem, objectives, significance, theoretical basis, methodology, previous study, and overall structure of the thesis. The main aim of this chapter is to provide a thorough exploration of corporate governance, covering a wide range of topics such as theories, models, frameworks, and mechanisms.

Section 2.1 focuses on establishing the theoretical foundation of corporate governance, delving into the core principles that guide the governance of organizations. Moving forward, Section 2.2 delves into the attributes and benefits of corporate governance, highlighting the importance of effective governance practices in ensuring organizational success.

Further on, Section 2.3 takes a closer look at various corporate governance models and systems that are commonly used in practice. This section aims to provide a comprehensive understanding of the different approaches that can be adopted to enhance governance within an organization.

In Section 2.4, the discussion shifts towards examining the key principles and mechanisms that underpin corporate governance practices. This includes a detailed analysis of the tools and strategies that are utilized to ensure transparency, accountability, and ethical conduct within organizations.

Finally, Section 2.5 wraps up the chapter by summarizing the key points discussed throughout the chapter, offering a concise overview of the main findings and insights related to corporate governance. Through this comprehensive examination, readers will gain a deeper understanding of the importance and impact of effective corporate governance practices in today's business environment.

CHAPTER ONE : CORPORATE GOVERNANCE

1.2 Theoretical Framework of Corporate Governance:

1.2.1 Defining corporate governance:

The term "corporate governance" defies a singular universal definition, as interpretations vary based on the perspectives of different writers and institutions regarding this significant concept.

- According to Shleifer and Vishny 1997 Corporate Governance handles “...*the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment*”¹
- la porta et al 2000, defines it as “*a set of mechanisms through which outside investors protect themselves against expropriation by insiders*”²
- The Cadbury Report (1992) also narrowly defines corporate governance as being concerned with the “*system by which companies are directed and controlled*”³
- In other words Corporate Governance refers to “*the formal mechanisms of directing, supervision, and control put in place within a company in order to monitor the decisions and actions of its senior managers and ensure these are compatible and consistent with the specific interest of shareholders and the various other interests of stakeholders who contribute to the operations of the company*”⁴
- However, OECD 2015 provide a comprehensive definition of corporate governance as follows “*A set of relationship between a company’s management, its board, its shareholders and other stakeholders. Corporate Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined*”⁵

1.2.2 The History of Corporate Governance:

Asserting that the origins of corporate governance can be traced back to the early twentieth century, preceding the contributions of Berle and Means, raises the question: what is the fundamental nature of corporate governance? Over the course of history, the notion of "corporate governance" has been evident, particularly in situations where the corporate framework has given rise to potential conflicts between shareholders and executives. Adam Smith, in his seminal work *The Wealth of Nations*, underscored the conflicting interests between managers and owners as a pivotal obstacle to the efficient operation of corporations.

The genesis of Corporate Governance can be identified through two core principles: the separation of ownership and management, as well as the differentiation between ownership and control. Adam Smith initially introduced the former concept, while Berle and Means put the latter forth. To delve

¹ Andrei Shleifer, Robert W. Vishny, A Survey of Corporate Governance, the Journal of Finance, volume 52, issue 2, June 1997, p 787

² Rafael La Porta, R.F.Lopez-de-Silanes, A. Schleifer and R.Vishny. 2000, Investor Protection and Corporation Governance, Journal of Financial Economics 58 (2000) 3-27, p 04.

³ Cadbury report (1992), Report of the committee on the financial aspects of corporate governance, London, p 15.

⁴ Mekkaoui Mekki et al, The Role of Corporate Governance in attracting Foreign Direct Investment to the Arab countries, EPRA International Journal of Economic and Business Review, vol-3, issue-9, September 2015, p:02

⁵ OECD, Organisation For Economic Co-operation and Development (2015), G20/OECD Principles of Corporate Governance, OECD Publishing,Paris, p 09.

CHAPTER ONE : CORPORATE GOVERNANCE

deeper into this historical progression, we will analyze the evolution of these principles in two significant nations, namely the United Kingdom (associated with Adam Smith) and the United States of America (connected to Berle and Means). Subsequently, we will engage in an in-depth examination of both notions.

⇒ **Corporate Governance History in UK:**

The earliest form of corporate establishment in the Common Law was through papal bull or royal charter, where the Church or the Crown granted the rights of association and corporate status. Subsequently, achieving the same status could be accomplished through specific legislative measures. Central to this approach is the notion that incorporation is a privilege intended to serve a public interest. Initially, grants were primarily allocated for charitable endeavors, or to further the authority and interests of the Crown. However, the misuse of obsolete charters and other abuses prompted the enactment of the UK Bubble Act of 1720, resulting in a setback to the advancement of the modern corporation for a considerable period. Consequently, a significant portion of business operations continued to be conducted as sole proprietorships or partnerships until the late Nineteenth century. Notably, canals and railways were subject to distinct legislative measures due to the substantial amount of capital involved.⁶

The history of corporate governance can be traced back to the establishment of influential chartered companies such as the East India Company, the Hudson's Bay Company, and the Levant Company during the 16th and 17th centuries. Delving into all facets of this historical narrative in a comprehensive manner would indeed pose a formidable task.⁷

Between 1720 and 1844, joint stock companies (i.e. companies whose capital took the form of freely tradeable shares) were only authorized in the United Kingdom through an Act of Parliament or by charter. The South Sea Bubble scandal of 1720, during which investors acquired shares, in the South Sea Company at inflated prices, and faced financial ruin when the market collapsed, led to a general aversion to the corporate business model, which was viewed as fundamentally flawed: The English hesitated to engage in organized corruption, akin to Banditti, as the mounting National Debts in the preceding forty to fifty years gave rise to numerous such companies. Corporations possess stronger incentives for corruption and are better shielded in their malfeasance than individuals are; hence, it is imperative to dismantle all superfluous entities that do not serve the Kingdom's best interests with utmost urgency.⁸

The commencement of the 19th century witnessed significant economic expansion spurred by the Industrial Revolution. During this era, numerous enterprises required external funding to sustain their growth. Consequently, there emerged a mounting demand in the latter part of the 1800s for broader access to the privilege of incorporation. This was intended to facilitate commerce among large corporations and streamline the process of capital procurement (While large partnerships could and

⁶ John H. Farrar, A Brief Thematic History of Corporate Governance, Bond Law Review, Volume 11, Issue 2, Article 9, 1999, p 260-261.

⁷ Brian R. Cheffins, The History of Corporate Governance, European Corporate Governance Institute (ECGI) Working Paper Series in Law, N°.184, January 2012, p1.

⁸ London Magazine (1732) in: Josephine Maltby and Roy Wilkinson, U.K. Corporate Governance in Historical Perspective, GLOBAL ECONOMIC REVIEW, Vol. 26, No. 3, Autumn, 1997, p 41.

CHAPTER ONE : CORPORATE GOVERNANCE

did come into existence, the requirement for each partner to be a signatory to agreements posed substantial administrative challenges). The enactment of the 1844 Joint Stock Companies Act authorized the establishment of companies through registration, mandating that they furnish semi-annual reports to shareholders and submit comprehensive and unbiased audited financial statements. Notably, companies formed post-1844 remained subject to unlimited liability—meaning shareholders were accountable not solely for their initial investment, but potentially for their personal assets as well. There was a prevailing conviction that limited liability implied reduced accountability, as it eliminated the threat of personal financial loss.⁹

In 1807, a new type of company emerged in France where the CEOs were still personally liable for the company's debts, but external investors had limited liability. Recognizing the importance of raising capital without exposing external investors to bankruptcy risks, the British Parliament enacted the Acts of 1855 and 1862. These Acts mandated that all shareholders, regardless of their role within the company, would have limited liability. This shift was viewed as a means to enhance economic freedom by expanding investment opportunities. The 1855 Act maintained the requirement for public disclosure of results, emphasizing that the Legislature should intervene only by ensuring maximum transparency in the operations of such companies, so that all parties involved are well-informed. This marked a transition where incorporation evolved from a discretionary privilege granted for public benefit to a fundamental right with minimal conditions. The principle of freedom of contract began to prevail.¹⁰

Numerous English corporations in the latter part of the Nineteenth Century issued preference shares to enable proprietors to maintain authority. Subsequently, common shares were introduced, initiating the progression towards the division of ownership and control, a phenomenon anticipated by Marx and Lenin, and later expounded upon by Adolf Berle Jr. of Columbia Law School and Gardiner Means of Harvard, particularly concerning the United States. This period signifies the rise of professional management in the absence of sufficiently large ownership blocs to serve as a check on power. This situation has given rise to the agency problem, as predicted by Adam Smith. In the absence of a check on power, management tends to prioritize their own self-interest over that of the corporation.¹¹

Subsequent laws were enacted to enforce stricter regulations on specific categories of corporations including utilities, insurance firms, banks, and railways. The obligation to disclose financial statements was imposed on railways in 1868, life insurance companies in 1870, gas and water companies in 1871, building societies in 1874, and the electricity sector in 1882. However, for the majority of businesses, this lenient system remained unaltered until the Companies Act of 1900 mandated the provision of an audited balance sheet to shareholders.¹²

Throughout the twentieth century, advancements occurred in the United Kingdom aimed at addressing the challenges of the Victorian era. The Companies Act of 1900 mandated the disclosure of an audited balance sheet to shareholders. Subsequent legislation required the submission of the

⁹ Hunt 1936 in : Josephine Maltby and Roy Wilkinson, U.K. Corporate Governance in Historical Perspective, GLOBAL ECONOMIC REVIEW, Vol. 26, No. 3, Autumn, 1997, p 42.

¹⁰ John H. Farrar, *Ibid*, p 261.

¹¹ John H. Farrar, *Ibid*, p 264-265.

¹² Josephine Maltby and Roy Wilkinson, U.K. Corporate Governance in Historical Perspective, GLOBAL ECONOMIC REVIEW, Vol. 26, No. 3, Autumn, 1997, p 42-43.

CHAPTER ONE : CORPORATE GOVERNANCE

balance sheet, directors' report, and auditors' report to the Registrar of Companies for public scrutiny (1928), the submission of a profit and loss account (1948), and the adherence to specified formats for financial statements (1981). The 1948 Act also stipulated that accounts must provide a true and fair representation of the Company's performance, with the auditors' report offering an opinion on this matter, although detailed accounting rules were not prescribed. It became increasingly recognized that standardization of financial reporting was necessary to minimize discrepancies in reporting practices among companies. This task was taken up by the accounting profession, which established the Accounting Standards Committee (ASC) in 1967, later reconstituted as the Accounting Standards Board (ASB). The ASC/ASB provided guidance on issues such as asset and liability valuation and group company account preparation, which, while not legally binding, served as the basis for ensuring a true and fair view. Concurrently, the Auditing Practices Committee (later Board) was established in 1976 to develop auditing standards. These standards aimed to clarify auditors' responsibilities towards directors and shareholders, as well as to outline best practices for conducting audits and reporting their findings.¹³

The period spanning from 1960 to the 1980s marked the era of managerial supremacy. The management of large corporations, to some degree, held authority rather than being subservient to finance. However, the Stock Market crash of 1987 triggered a loss of confidence and ushered in a series of transformations. In order to counter the escalating politicization of corporate law reform, address the rise in shareholder activism, and primarily protect themselves, management of prominent companies, through their interest groups and in collaboration with institutional investors, started to seriously focus on establishing self-regulation of corporate governance in the 1990s. This initiative resulted in the formulation of numerous reports, codes, and guidelines pertaining to corporate governance.¹⁴

The Cadbury Committee, formally known as the Committee on the Financial Aspects of Corporate Governance and named after its chairman, Sir Adrian Cadbury, was established in 1991 by the London Stock Exchange, the Financial Reporting Council (the parent organization of the ASB), and the professional accounting bodies in the United Kingdom to address the financial components of corporate governance. The Committee's Report, released in 1992, put forth several recommendations regarding best practices. While these recommendations were not legally obligatory, it became a requirement for companies listed on the London Stock Exchange with financial year ends occurring after June 1993 to disclose their compliance with the Cadbury Code.¹⁵

The Confederation of British Industry established the Greenbury Committee in 1995 with the purpose of recognizing exemplary methods in establishing the compensation of directors and proposing a set of guidelines for publicly traded companies. In line with the Cadbury Report, the Committee recommended that non-executive directors should determine the remuneration of executive directors. Moreover, it emphasized the importance of detailed disclosures in the annual financial statements, encompassing not only base salary but also incentives, pension contributions, severance packages, and stock options. The Committee specifically mandated that privatized utilities scrutinize and

¹³ Josephine Maltby and Roy Wilkinson (1997), *Ibid*, 1997, p 46-47.

¹⁴ John H. Farrar, *Ibid*, p 265-266

¹⁵ Josephine Maltby and Roy Wilkinson (1997) , *Ibid*, 1997, p 49.

CHAPTER ONE : CORPORATE GOVERNANCE

disclose their compensation structures, making necessary adjustments to ensure compliance with its Code of Best Practices.¹⁶

The shared perspective of both the Cadbury and Greenbury reports is a dedication to the belief that the corporate governance framework in the United Kingdom necessitates fine-tuning rather than extensive overhaul. Cadbury affirmed the fundamental soundness of the U.K.'s corporate governance system, while Greenbury emphasized that British companies typically handle directors' remuneration in a judicious and conscientious manner.¹⁷

⇒ **Corporate Governance History in USA:**

The most prominent historical account of corporate ownership in the United States is articulated in Adolf Berle and Gardiner Means's seminal work, *The Modern Corporation and Private Property*. They posit that legal, structural, and technological advancements during the late nineteenth and early twentieth centuries undermined the authority and impact of shareholders, resulting in the rise of expansive, widely dispersed enterprises overseen by professional executives or minority factions. Berle and Means specifically assert that during the early nineteenth century, ownership and governance were indeed integrated, contrasting the corporations of their era with those from a century prior, where "the shareholder base was limited; they had the capacity and inclination to participate in meetings; they were business-oriented individuals; and their votes carried significant weight."¹⁸

The corporate laws of the early nineteenth century provided limited rights and protections for investors. Financial reporting requirements and accounting standards were non-existent, and the legal recourse available to shareholders against dishonest directors was ambiguous. To entice small investors, many corporations implemented varying voting rights systems in their charters. The average index value for all businesses incorporated in New York in 1825 or earlier was 0.63. While some companies did offer additional investor rights, such as ensuring the production of annual financial statements, it was the voting rights of shareholders that served as the primary safeguard for small investors during the early nineteenth century.¹⁹

By the conclusion of the initial quarter of the nineteenth century, a multitude of enterprises spanning various sectors had been issued corporate charters by American states. Furthermore, particularly commencing in the 1820s, a select yet increasing number of these companies had publicly traded equity shares. This implies that differential voting rights were implemented at least partially to entice small investors by restricting the voting influence of major shareholders. However, the prevalence of "minority control," in which companies were managed by individuals holding significant stakes that rendered them unanswerable to other shareholders, was widespread. Additionally, numerous corporate governance structures at that time were designed to address and alleviate this issue.²⁰

Around 1900, a prevailing notion began to emerge that ownership and control were diverging within the modern corporation. Prior to this period, there were corporations with minority shareholders who

¹⁶ Greenbury Report (1995) Study Group on Directors Remuneration, London: Gee & Co.

¹⁷ Josephine Maltby and Roy Wilkinson (1997), *Ibid*, 1997, p 49.

¹⁸ Eric Hilt, When did Ownership Separate from Control? *Corporate Governance in the Early Nineteenth Century*, *THE JOURNAL OF ECONOMIC HISTORY*, VOLUME 68, NUMBER 3, SEPTEMBER 2008, p 645-646.

¹⁹ Eric Hilt, *Ibid*, 2008, p 648.

²⁰ Eric Hilt, *Ibid*, 2008, p 679.

CHAPTER ONE : CORPORATE GOVERNANCE

were not actively involved in management, and these minority shareholders sometimes experienced mistreatment by the controlling shareholders who managed their companies. However, there was no recognition that these minority shareholders constituted a significant group deserving of special protection, or that their situation warranted widespread public attention. Additionally, there was no acknowledgment that certain corporations were transitioning from being controlled by a dominant shareholder to being overseen by independent managers. What distinguished the period after the turn of the century was the concern over the increasing number of small shareholders, who seemed incapable of influencing corporate management even if they desired to do so. This realization led to the understanding that if ownership became so fragmented that shareholders no longer held control over the corporation, and if management assumed that responsibility, the interests of shareholders and managers might no longer align. These two developments, the proliferation of small shareholders and the emergence of managers with limited ownership stake in the corporation, were collectively referred to as the separation of ownership and control.²¹

As corporate wealth ownership has become increasingly distributed, the ownership and control of said wealth have gradually shifted away from being concentrated in a few hands..²² Another development coincided with the expansion of large corporations: the increasing market for their securities and the rising number of shareholders. The mergers at the turn of the century not only led to the formation of new colossal corporations but also resulted in the emergence of numerous individuals, particularly the former proprietors of the small enterprises that were part of the merger, who required compensation for their ownership stakes. These individuals were compensated with securities, including preferred and common stock, which they frequently liquidated, thereby creating a market for industrial securities. Consequently, a substantial portion of relatively "small" investors entered the realm of securities ownership for the first time. Although determining precise ownership figures prior to the 1920s is exceedingly challenging, one analysis revealed that the three largest American corporations at least tripled their number of book stockholders between 1900 and 1917. Moreover, the mainstream media intensified its coverage of the trend of stock ownership by relatively small investors. However, the true surge in stock ownership would transpire in the 1920s, when millions of Americans ventured into the realm of investing for the first time.²³

The stock market crash of 1929 underscored the necessity of enacting regulations to bolster corporate governance practices and establishing a regulatory body for securities markets. Transpiring in late October, the crash unfolded over several days, leading to a dramatic decline in stock prices that had a devastating impact on numerous companies, financial institutions, and investors. Its repercussions reverberated throughout American consumption, banking, and the broader economy. Serving as a catalyst for the Great Depression, this crash marked the onset of a series of events that would significantly shape corporate governance during the early 20th century.²⁴

²¹ Harwell Wells (2010), *Ibid* , p 1255.

²² Adolf A. Berle and Gardiner C. Means, *The Modern Corporation and Private Property*, With a New Introduction by Murray L. Weidenbaum and Mark Jensen, Third printing 1999 by Transaction Publishers, New Brunswick, New Jersey, USA, and London, UK, p 66.

²³ Harwell Wells (2010), *Ibid* , p 1254.

²⁴ N. Nalân Altıntaş, *EVOLUTION OF CORPORATE GOVERNANCE IN THE UNITED STATES OF AMERICA*, Sosyal Bilimler Dergisi 2010, (2), 154.

CHAPTER ONE : CORPORATE GOVERNANCE

Following its release in 1932, *The Modern Corporation and Private Property* revolutionized the landscape of corporation law for the ensuing century, solidifying the detachment of ownership and control as the focal point of contemporary corporate governance.²⁵

Since the 1930s, a series of regulations pertaining to corporate governance have been enacted in the United States. The Securities Act of 1933 and the Securities Exchange Act of 1934 are considered the initial regulations addressing corporate governance. Subsequently, the Foreign Corrupt Practices Act (FCPA) of 1977 emerged as a pioneering global regulation for the next two decades. The most recent milestone in corporate governance development is the Sarbanes-Oxley Act of 2002. This legislation not only brought about significant changes to the regulatory framework for companies operating in the U.S. capital market but also had far-reaching implications for countries worldwide. Under this act, the U.S. Congress implemented extensive corporate governance and disclosure reforms, introducing a new regulatory framework for the accounting profession, among other provisions.²⁶

At the dawn of the 21st century, corporate governance has garnered paramount attention, primarily due to the surge in scandals and crises during that era. The downfall of corporations like Enron, WorldCom, Tyco, and others prompted extensive scrutiny of the functions of board committees, auditors, and independent directors, ultimately raising concerns about the ethical standards upheld by these companies.²⁷

The crash that occurred at the onset of the 21st century was succeeded by a subsequent collapse that reverberated globally - the 2007/2008 financial crisis. This crisis exposed evident vulnerabilities in corporate governance practices. The root cause was the failure of management protocols, as numerous financial service firms neglected to shield themselves from undertaking undue risks. Subsequently, the significance of proficient board oversight and comprehensive risk management, alongside universally recognized standards (applicable beyond financial institutions), became glaringly obvious, prompting further refinement of the Code.²⁸

⇒ **Separation of ownership from control:**

Adolf Berle and Gardiner Means introduced the term "the separation of ownership and control" in their influential book *"The Modern Corporation and Private Property"* published in 1932, which continues to be the predominant phrase in the extensive body of work on corporate governance. This concept highlights their findings that in the 1920s, the ownership structure of large corporations transitioned from the conventional model where owners directly oversaw their companies to a new paradigm where shareholders, due to their increasing numbers and dispersion, were no longer inclined or capable of managing the corporations they held ownership in.²⁹

²⁵ Harwell Wells (2010), *Ibid* , p 1254.

²⁶ N. Nalân Altıntaş (2010), *Ibid*, p 160.

²⁷ Jelena Jovanović and Biljana Grujić (2016), *Ibid* , p 190.

²⁸ Kirkpatrick G, *The Corporate Governance Lessons from the Financial Crisis*, OECD, Pre-publication version for Vol. 2009/1, p3.

²⁹ Donald G. Margotta, *The Separation of Ownership and Responsibility in the Modern Corporation*, Business Horizons, February 1989, p 74.

CHAPTER ONE : CORPORATE GOVERNANCE

Berle and Means (1932) highlighted the notion that this division gave rise to the concept of "control" as distinct from both ownership and management. They delineated five categories of control: (1) control achieved through near-total ownership, (2) majority control, (3) control through a legal mechanism without majority ownership, (4) minority control, and (5) management control. Among these, the first three entail control founded on a legal framework and center around the authority to cast a majority of the voting shares. In contrast, minority and management control, the latter two categories, are non-legal in nature, grounded on factual rather than legal grounds.³⁰ :

Control through Almost Complete Ownership

The initial type is exemplified by the private corporation, wherein a singular individual or a small cohort of associates possess all or nearly all of the outstanding stock. They are presumed to hold a position of authority, not only possessing the legal rights of ownership, but also having the ability to utilize them, notably in electing and exerting influence over the management. In this type of business, ownership and control are consolidated within the same group of individuals.

Majority Control

The initial stage in the division between ownership and control is achieved through majority control, which entails owning more than half of the outstanding stock. In a basic corporate framework, when one individual or a small group possesses a majority of the stock, they essentially hold all the legal authority of control that a sole owner of the business would have, including the ability to appoint the board of directors.³¹

Such division may exist to differing extents. In cases where the individuals with the ultimate authority to manage a company possess a significant portion of the voting shares, while the rest are widely distributed, both control and partial ownership lie within their grasp. It is only for the remaining shareholders that a disconnect from control occurs.³²

Control through a Legal Device

In the pursuit of retaining authority over a corporation without possessing a majority stake in its stock, numerous legal mechanisms have been devised. Among these, the most crucial within the realm of large corporations is the practice known as "pyramiding."³³

Hierarchical ownership structures enable the implementation of an ownership model in which voting rights are held by the dominant shareholder in a manner that is disproportionate to their share capital, all without the need for the creation of a separate class of shares with differing voting rights. These hierarchical institutions facilitate the division of ownership from voting rights (control) and provide access to assets. Within a minority control structure, entities are arranged in a hierarchical chain, granting the dominant shareholder the ability to exert control over another entity situated at lower levels of the ownership chain by obtaining a small percentage of the enterprise's capital.³⁴

³⁰ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 67.

³¹ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 67.

³² Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 5.

³³ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 69.

³⁴ تبر زغود و يوسف قريشي، هيكل الملكية ورقابة المؤسسة -دراسة تحليلية- ، المجلة الجزائرية للتنمية الاقتصادية ، العدد 6 ، جوان 2017، ص

CHAPTER ONE : CORPORATE GOVERNANCE

Another legal mechanism for maintaining control with minimal investment involves the utilization of nonvoting shares. This method involves structuring the privileges associated with various stock categories in a way that renders the majority of shares without voting rights, particularly in the election of directors. Only a select group or a class representing a minimal financial stake is granted the ability to participate in voting.³⁵

The third legal mechanism is a voting trust, which entails establishing a board of trustees, often comprised of members of management, who possess full authority to vote on all shares held in trust. In instances where majorities of the shares are placed in trust, which is typically the scenario, the trustees wield substantial influence over the corporation's operations despite not necessarily owning any shares themselves. Concurrently, the directors provide stockholders with trust certificates in lieu of their shares, granting them the right to partake in any distributions deemed fit.³⁶

Minority Control

The first concept, minority control, refers to a situation where an individual or a small group possesses a significant amount of stock in a corporation, enabling them to exert influence and dominate the company through their stock ownership. This group is commonly referred to as having "operational control" of the organization. Essentially, their authority is based on their capacity to gather proxies from dispersed shareholders, which, when added to their substantial minority stake, allows them to secure a majority of votes during the annual elections..³⁷

Management Control

The fifth form of control occurs when ownership is distributed so extensively that no single individual or small faction possesses a significant enough minority stake to exert dominance over the company's operations.³⁸

Through these categories, it becomes apparent that the division between ownership and control evolved gradually. In traditional establishments, the owner had complete control due to almost total ownership. As these establishments grew and required more capital, they introduced new shareholders without voting privileges, resulting in majority control. Over time, this group began to push for voting rights through legal means, leading to minority control. Given their large numbers and the challenge of reaching a consensus, they opted to hire managers and delegate full authority over the company, thus establishing management control. In this final category, ownership becomes entirely detached from both control and management.

Investors relinquishing control of their wealth has effectively disrupted the traditional property dynamics, prompting the need to redefine these relationships..³⁹

In the early 1970s, the issue of management control led to a divergence of interests between managers and owners, commonly referred to as agency problems, as will be elaborated upon in the subsequent

³⁵ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 71.

³⁶ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 72-73.

³⁷ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 75.

³⁸ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 78.

³⁹ Adolf A. Berle and Gardiner C. Means, 1999, *Ibid*, p 4.

CHAPTER ONE : CORPORATE GOVERNANCE

section. Consequently, a need arose for companies to be overseen by a distinct entity separate from both owners and managers, which ultimately resulted in the emergence of institutional investors.

The institutional investor is commonly a financial entity, like a pension or trust fund, aiming to enhance the fund's value. Their expertise in finance, the sectors, and the companies they invest in has led to the belief that shareholders have the potential to actively participate in the corporation's management, thereby contributing to the promotion of responsible corporate governance.⁴⁰

Table N 1.1 : Movement of Control and Responsibility in the Modern Corporation

	<i>Corporation of the Pre-1930s</i>	<i>Corporation of the Berle/Means Model</i>	<i>Corporation of the 1980s</i>
<i>Owner/Manager</i>	Ownership, Control , Responsibility		
<i>Non-Owner Managers</i>		Control , Responsibility	Responsibility
<i>Shareholders: Professional</i>	Ownership	Ownership	Ownership* Control
<i>Individual</i>	Ownership	Ownership	Ownership

Source: Donald G. Margotta, The Separation of Ownership and Responsibility in the Modern Corporation, Business Horizons, February 1989, p 75.

* Professional Investment managers control stock in a fiduciary capacity for the stock's beneficial owners

2.2.3 Theoretical Perspective on Corporate Governance:

Numerous foundational theories form the basis of corporate governance, encompassing the original agency theory, stewardship theory, stakeholder theory, resource dependency theory, transaction cost theory, and political theory. Nevertheless, the predominant discourse surrounding corporate governance theories has predominantly centered on the perspectives of shareholders and stakeholders.

⇒ Agency theory:

Agency theory, originating from economic theory, was initially presented by Alchian and Demsetz (1972) and later expanded upon by Jensen and Meckling (1976). Essentially, agency theory serves to delineate the distinction between ownership and control.⁴¹

In a sizable publicly-traded company, shareholders lack the authority to partake in the daily operations of the firm. Additionally, they do not possess the ability to influence strategic decisions or determine remuneration. Despite having the privilege to vote for directors, the management retains control over the voting (proxy) process.⁴²

⁴⁰ David Walker (2016) in : Abed Alkarim Alsharqawi and Ahmad Alsharqawi, Separation of Ownership and Control in Corporate Governance, Journal of Law, Policy and Globalization Vol.84, 2019, p 65

⁴¹ Haslinda Abdullah, Benedict Valentine, Fundamental and Ethics Theories of Corporate Governance, Middle Eastern Finance and Economics, 2009, p 89.

⁴² Stephen G. Marks, The Separation of Ownership and Control, 5630, 1999, p 693.

CHAPTER ONE : CORPORATE GOVERNANCE

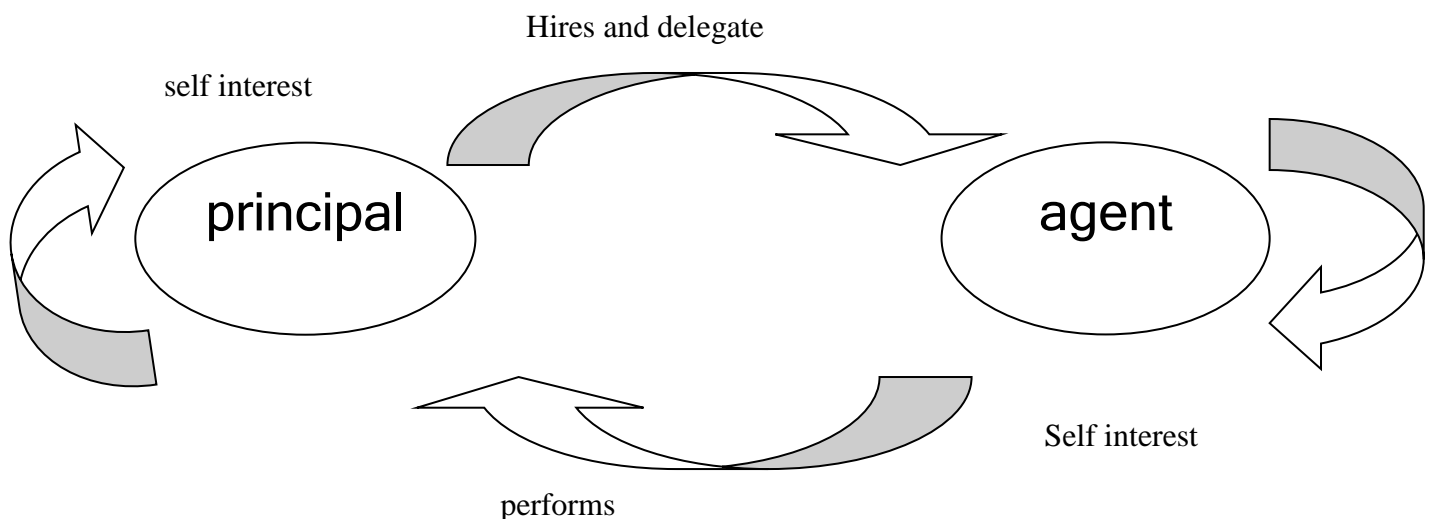
The divorce of ownership from control creates a situation in which the objectives of the owner and the ultimate manager may, and frequently do, differ.⁴³

Due to the divergence between ownership and control, coupled with inadequate oversight, there exists a risk that the executives of a publicly traded corporation may prioritize their personal objectives over those of the shareholders (assuming the latter are solely concerned with profitability or net market value). In addition, executives may excessively compensate themselves and indulge in lavish benefits; they may engage in unprofitable yet power-boosting ventures; they may also endeavor to solidify their positions.⁴⁴

Jensen and Meckling (1976) delineated the division between ownership and control as an agency dilemma. Within the framework of the agency theory, shareholders are depicted as principals while managers are portrayed as agents. These agents, according to the model, seek to maximize their own utility. The fundamental question revolves around the method of incentivizing agents to engage in conduct that aligns with the best interests of the principals, who are the shareholders. The analysis of agency delves into the expenses associated with establishing these incentives, as well as the costs incurred due to the degree of deviation that agents may exhibit from the principal's interests despite the presence of such incentives.⁴⁵

Jensen and Meckling (1976) elucidate the concept of the Agency Relationship as a contractual agreement in which one or more individuals (referred to as the principal(s)) enlist the services of another individual (referred to as the agent) to carry out tasks on their behalf, thereby conferring a certain degree of decision-making power to the agent.⁴⁶

Figure 2.1: The Agency Model



source: *ibid*, Haslinda Abdullah, Benedict Valentine, p 90

⁴³ Adolf A. Berle and Gardiner C. Means, 1999, *ibid*, p 7.

⁴⁴ Oliver Hart, Corporate Governance: Some Theory and Implications, *The Economic Journal*, vol 105, No 430, May 1995, p 68.

⁴⁵ Stephen G. Marks, The Separation of Ownership and Control, 5630, 1999, p 696.

⁴⁶ Michael C. JENSEN and William H. MECKLING, THEORY OF THE FIRM: MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE, *Journal of Financial Economics* 305-360, 1976, p 308.

CHAPTER ONE : CORPORATE GOVERNANCE

Agents or managers may not always act in the best interest of shareholders. On the other hand, principals can ensure that agents will make optimal decisions only if appropriate incentives are provided and if the agents are closely monitored. As a result, both agents and principals must incur a series of expenses, referred to as Agency costs by Jensen and Meckling.

The expenses associated with the separation of ownership and control primarily consist of principal-agent costs. These costs include the monitoring expenses incurred by shareholders, the bonding expenses taken on by managers, and the residual loss resulting from the deviation of behavior (despite monitoring and bonding efforts) from the optimal standard.⁴⁷

The monitoring costs:

Monitoring costs refer to the expenses incurred by the principal in order to assess, supervise, and regulate the actions of an agent. These costs can encompass audit fees, the drafting of executive compensation agreements, and the eventual expense of terminating managers. While the principal initially covers these costs, Fama and Jensen (1983) posit that in the end, the agent will bear the brunt of these costs through adjustments to their compensation.⁴⁸

The bonding costs:

It is incumbent upon the agent to showcase to the principal his proficiency in making decisions concerning the company's management that align with his preferences.⁴⁹

The residual loss :

The final element, referred to as a "residual loss," arises when the actions that align with the self-interest of the principal diverge from those that align with the self-interest of the agent, even in the presence of monitoring and bonding efforts.⁵⁰

It is a well-established fact that within large corporations, the objectives of managers may diverge from the goal of maximizing profits for the shareholders. Managers in these organizations are delegated by shareholders to make decisions and operate in alignment with their best interests. According to Lasher (2008), this dynamic gives rise to a conflict of interest commonly referred to as the Agency problem.⁵¹

⁴⁷ Stephen G. Marks, The Separation of Ownership and Control, 5630, 1999, p 696.

⁴⁸ Patrick McColgan, Agency theory and Corporate Governance, review of the literature from a UK perspective, University of Strathclyde, UK, 22 May 2011, p 5. Available at :

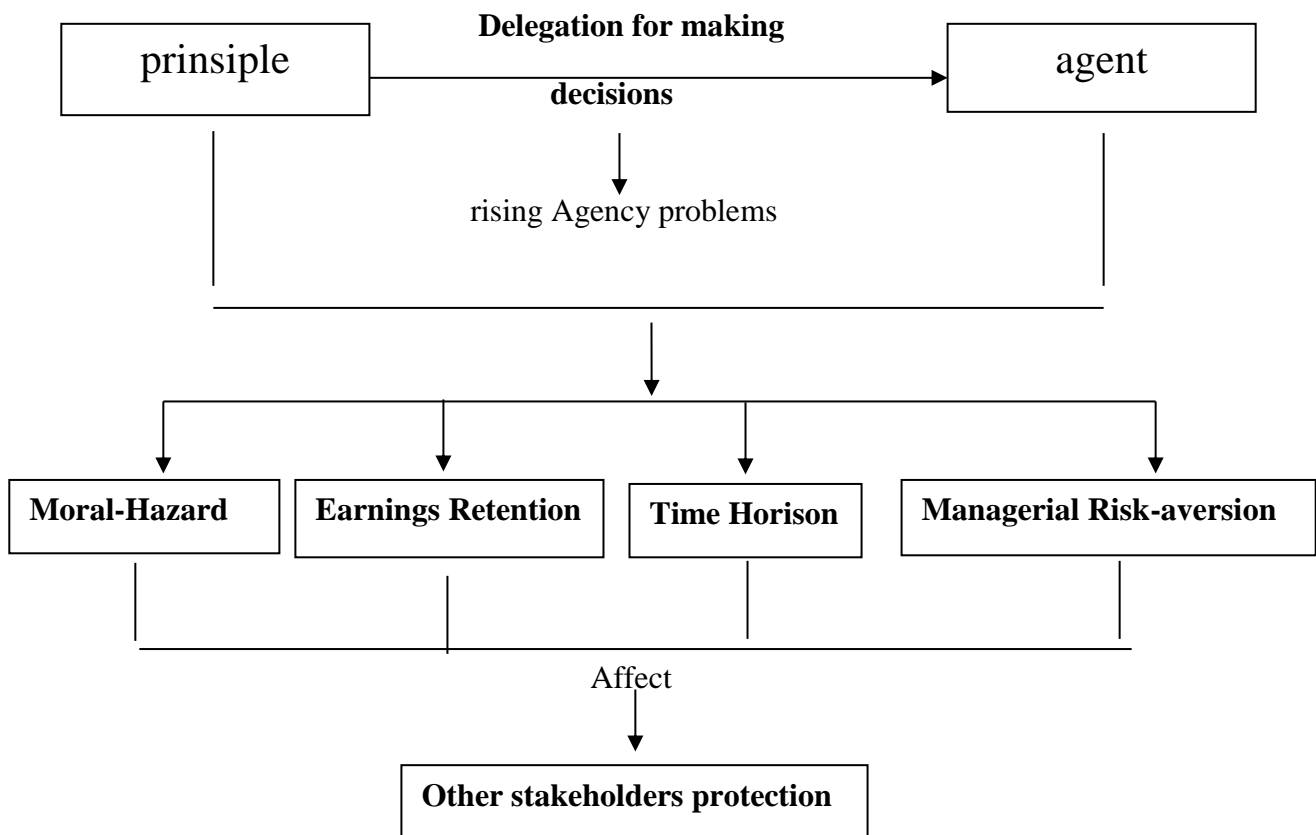
⁴⁹ أوصيف لخضر، فرحات عباس، دور حوكمة الشركات في معالجة مشاكل نظرية الوكالة، مجلة أبحاث اقتصادية وإدارية، العدد الرابع والعشرون، ديسمبر 2018، ص 408

⁵⁰ <https://www.britannica.com/topic/residual-loss> 28/06/2020

⁵¹ Meri Boshkoska, The Agency Problem : Measures for its Overcoming, International Journal of business and Managemet, Vol 10, No 1, 2015, p 204.

CHAPTER ONE : CORPORATE GOVERNANCE

Figure 2.2 : Agency problems



Source: بتول محمد نوري، علي خلق سليمان، مداخلة في الملتقى الدولي حول الإبداع و التغيير التنظيمي في المنظمات الحديثة بعنوان: حوكمة الشركات و دورها في تخفيض مشاكل الوكالة، الجامعة المستنصرية، ص 09

Moral-Hazard Agency Conflict:

Moral hazard arises from the presence of information asymmetry. It occurs when an individual or entity shielded from risk may exhibit behavior divergent from what it would under full risk exposure. In this scenario, moral hazard stems from the distinct goals of managers and owners. For instance, the company is contemplating a new venture with inherent risks, yet the potential to enhance shareholder value. While shareholders stand to benefit from this investment, managers may oppose it due to the risk of losing their positions if the endeavor fails to materialize as intended. The differing objectives at play may lead managers to forgo such investments, despite the detrimental impact on the company's owners.⁵²

Earnings Retention Agency Conflicts:

Research on compensation structure has consistently shown that director pay tends to rise as company size increases. This creates a strong motivation for management to prioritize company growth in size rather than focusing on maximizing shareholder returns. Jensen (1986) extends this argument by suggesting that managers are inclined to hold onto earnings, while shareholders typically prefer

⁵² Ibid, Meri Boshkoska, , p 205.

CHAPTER ONE : CORPORATE GOVERNANCE

increased cash distributions, especially when the company lacks lucrative internal investment prospects.⁵³

Time Horizon Agency Conflict:

Conflicts of interest can also emerge between shareholders and managers regarding the timing of cash flows. Shareholders prioritize all future cash flows of the company indefinitely. On the other hand, management may only focus on company cash flows during their tenure, resulting in a preference for short-term projects with high accounting returns over long-term projects with positive NPV.⁵⁴

Managerial Risk Aversion Agency Conflicts:

Agency theory offers significant insights into the impact of acquisitions on shareholder wealth of the acquiring company. As Morck, Shleifer, and Vishny (1990) highlighted, managerial goals can lead to mergers and acquisitions that are detrimental to value creation. A specific managerial objective that may differ from that of shareholders is risk aversion. Managers, in contrast to shareholders, face concentrated risk within the company and their well-being is directly tied to the longevity of the firm. Therefore, in order to mitigate uncertainty, managers may undertake actions to minimize the risk associated with the firm.⁵⁵

In order to safeguard shareholder interests, reduce agency costs, and establish alignment in the agent-principal relationship, agency theorists have explored a range of governance mechanisms. In the subsequent discussion, these measures are categorized into two distinct groups.⁵⁶

a) Internal measures:

- ✓ Internal audit.
- ✓ Change in the salaries and payments of the managers.
- ✓ Concentrate ownership.
- ✓ Good corporate governance/management.

b) External measures:

- ✓ External audit.
- ✓ Market of capital.
- ✓ Law/legal frame.

⁵³ Ibid, Patrick McColgan, p 9.

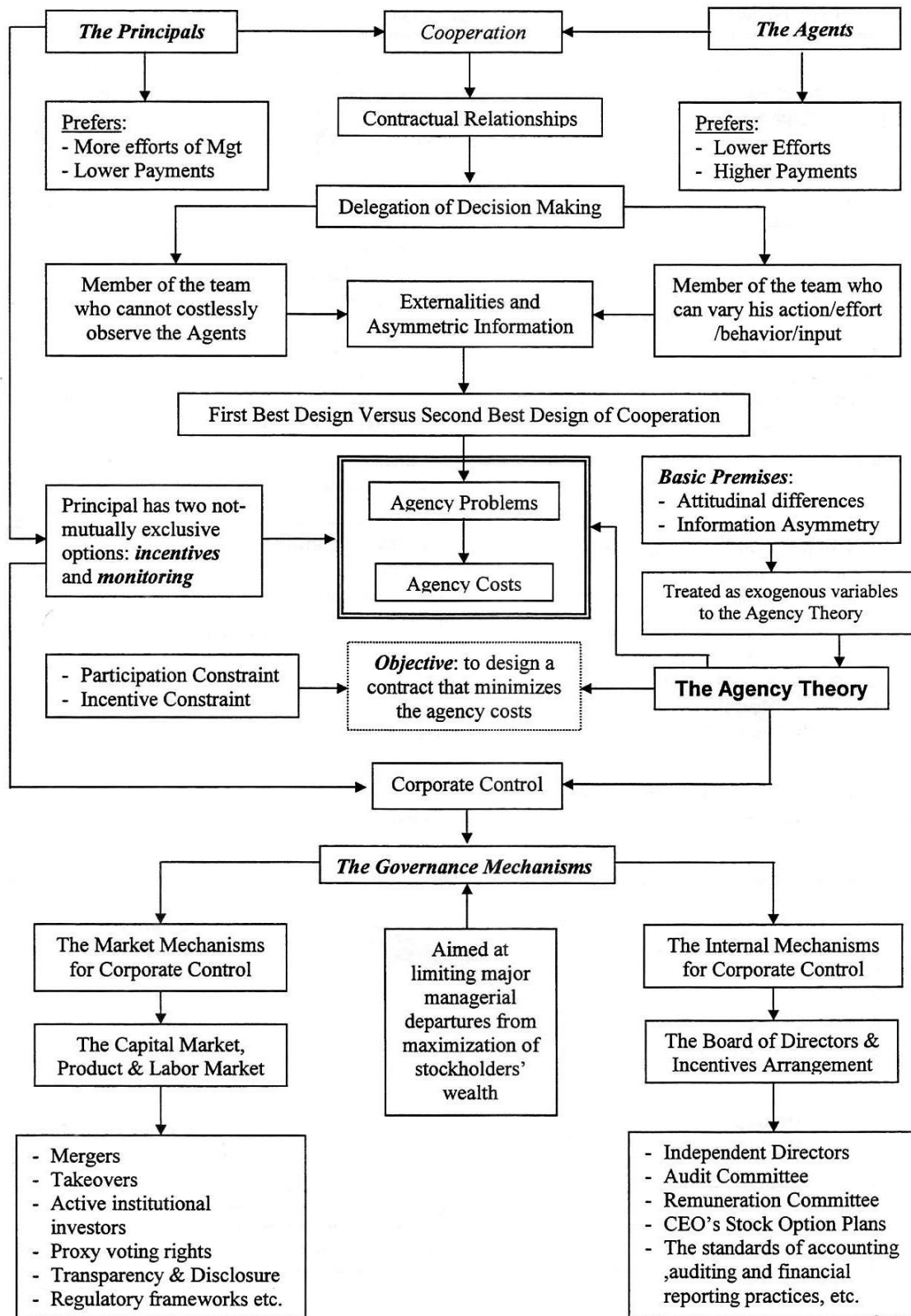
⁵⁴ Ibid, Patrick McColgan, p 11.

⁵⁵ Chen Lin, Micah S, Beibei Shen, Managerial Risk-taking Incentives and Merger Decisions, march 2015, p 1.

⁵⁶ Ibid, Meri Boshkoska, , p 205.

CHAPTER ONE : CORPORATE GOVERNANCE

Figure N 1.3: The Agency Theory



Source: Niki Lukviarman, Key Characteristics Of Corporate Governance: The Case of Indonesia, Working Paper Series n ° 1, Curtin University of Technology, Australia, September, 2001, p 25.

CHAPTER ONE : CORPORATE GOVERNANCE

⇒ Stakeholders theory:

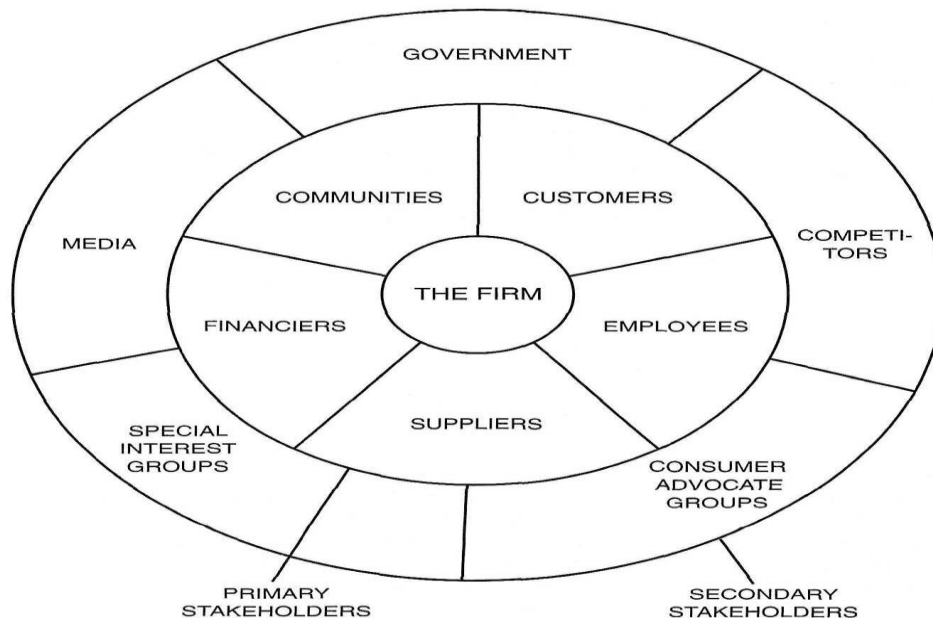
Stakeholder theory was introduced into the field of management in 1970 and was subsequently refined by Freeman (1984) to include corporate responsibility towards a wide array of stakeholders. Wheeler et al. (2002) contended that stakeholder theory originated from a fusion of sociological and organizational studies. In reality, stakeholder theory is not so much a rigid, singular theory but rather a comprehensive research framework that draws from various disciplines such as philosophy, ethics, political science, economics, law, and organizational behavior.⁵⁷

"*Stakeholder Theory*" or "*Stakeholder Thinking*" has surfaced as a novel framework to comprehend and address three interrelated business challenges— the challenge of comprehending the generation and exchange of value, the challenge of aligning ethics with capitalism, and the challenge of guiding managers in a manner that tackles the former two challenges effectively.⁵⁸

Stakeholder theory posits that by considering the intricate web of connections between a company and "the various groups and individuals who have the ability to influence or are influenced by it" (Shareholders), we are more likely to successfully address these three challenges.⁵⁹

In contrast to agency theory, which posits that managers work solely for the stakeholders, stakeholder theorists propose that managers within organizations have a complex web of relationships to consider - encompassing suppliers, employees, and business partners. It is contended that this network of relationships holds greater significance than the traditional owner-manager employee dynamic outlined in agency theory.⁶⁰

Figure 2.4: Managing The Stakeholders



Source: R. Edward Freeman, Jeffrey Harrison, and Andrew Wicks, *Managing for Stakeholders* (New Haven: Yale University Press, 2007), p 61.

⁵⁷ Ibid, Haslinda Abdullah, Benedict Valentine, , p 91.

⁵⁸ R.Edward Freeman et al, *Stakeholder Theory : The State of the Art*, The Academy of Management, Vol 4, 2010, p 3.

⁵⁹ Ibid, R.Edward Freeman et al, p 5.

⁶⁰ Ibid, Haslinda Abdullah, Benedict Valentine, , p 91.

CHAPTER ONE : CORPORATE GOVERNANCE

The requirements of the stakeholders of a corporation can be perceived as a hierarchical structure. At the apex of this structure are the customers, whose demands must be satisfied with products and/or services that provide a competitive edge by the company. Following them are the employees who are responsible for designing and executing the business operations. Consideration should be given to their requirements for job security, favorable working conditions, and job contentment. Equally important are the needs of suppliers, distributors, and creditors, ensuring their reliability and dedication. This is closely linked to the management of supply chains. Additionally, the corporation must address the needs of the communities within which it operates. The term 'corporate citizen' is coined, with the expectation that the corporation will uphold the laws, pay taxes, preserve the environment, and engage in the governance of the community.⁶¹.

The notion of stakeholders, stakeholder management, and a stakeholder-centric approach to strategic management implies that executives are required to develop and execute strategies that meet the needs and expectations of individuals or groups with a vested interest in the company. The primary objective in this endeavor is to effectively handle and harmonize the interactions and concerns of shareholders, employees, customers, suppliers, communities, and other relevant parties in a manner that guarantees the sustained prosperity of the organization. A stakeholder-oriented approach underscores the proactive management of the business landscape, relationships, and the advancement of mutual interests.⁶².

In order to distinguish among different categories of stakeholders, Rodriguez et al., (2002) utilized a classification system that includes consubstantial, contractual, and contextual stakeholders (refer to Figure 2). Consubstantial stakeholders are those crucial for the survival of the business (such as shareholders, investors, strategic partners, and employees). Contractual stakeholders, as the name implies, are parties that have a formal agreement with the business (such as financial institutions, suppliers, sub-contractors, and customers). Contextual stakeholders represent the social and natural environments in which the business operates and play a vital role in establishing the business's credibility and, ultimately, gaining acceptance for their operations (including public administration, local communities, nations, societies, and influential figures).⁶³.

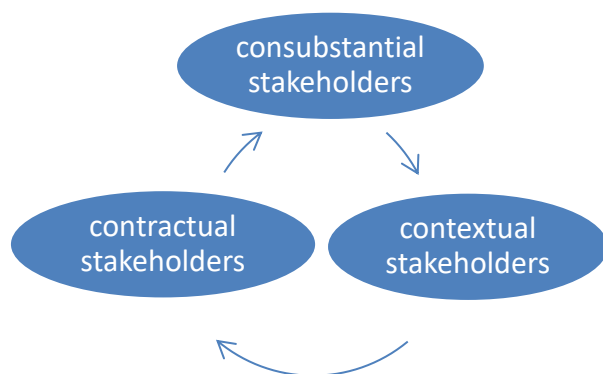
⁶¹ Zou Ping, Cheng Wui Wing, Corporate Governance : A Summary Review on different Theory Approaches, International Research Journal of Finance and Economics, Issue 68, 2011, p 9.

⁶² R.Edward Freeman, John F.Mcvea, A Stakeholder Approach to Strategic Management, University of Virginia, Working Paper No. 01-02, 2001, p 11.

⁶³ Miguel A. Rodriguez, Joan E. Ricart and Pablo Sanchez, Sustainable Development and the Sustainability of Competitive Advantage : A Dynamic and Sustainable View of the Firm, Creativity and Innovation Management, Volume 11, Issue 3, december 2002, p 140.

CHAPTER ONE : CORPORATE GOVERNANCE

Figure 2.5: shareholders classification.



Source: Ibid, Rodriguez et al, p 139.

⇒ **Resource Dependency Theory :**

The fundamental tenet of resource dependence theory is the necessity of establishing environmental connections between the organization and external resources. From this viewpoint, board members play a crucial role in bridging the gap between the organization and external entities by acquiring the resources essential for its survival. Therefore, boards of directors function as a vital mechanism for assimilating key components of environmental unpredictability into the organization. Williamson (1985) argued that environmental connections or network governance could mitigate the transaction costs linked to environmental interdependence. The organization's demand for resources leads to the formation of exchange relationships or network governance among organizations. Moreover, the uneven distribution of necessary resources results in interdependence within organizational relationships. Various factors seem to amplify the nature of this dependence, such as the significance, scarcity, and concentration of the resources in the environment. Furthermore, directors may act as intermediaries between external resources and the organization to mitigate uncertainty, as effectively managing uncertainty is imperative for the organization's survival. As per the resource dependency theory, directors bring resources like information, expertise, key stakeholders (suppliers, customers, policymakers, interest groups), and legitimacy that help reduce uncertainty. Consequently, Hillman et al. (2000) suggest that linking the organization with external environmental elements and reducing uncertainty can lead to a decrease in transaction costs associated with external interactions. This theory advocates for appointing directors to multiple boards due to the diverse opportunities they have to gather information and network in various capacities.⁶⁴

⇒ **Stewardship Theory :**

Stewardship theory, rooted in psychology and sociology, as defined by Davis, Schoorman, & Donaldson (1997), involves protecting and enhancing shareholders' wealth through firm performance to maximize the steward's utility functions. How does corporate governance function under stewardship theory? While owners establish the primary objectives of the corporation, they also have the responsibility of creating an environment that fosters the development of human potential and the formation of collaborative societies for meaningful work. Managers, acting as stewards or caretakers, exhibit care and concern for their work, akin to owners, rather than merely executing the interests of

⁶⁴ Ibid, Hillman et al.

CHAPTER ONE : CORPORATE GOVERNANCE

others. Consequently, the alienation associated with agency theory, where actions are driven by external interests, dissipates as managers and employees within the corporation reclaim the role of agents. Stewardship approaches are inherently value-driven. They involve identifying and establishing common values as benchmarks for excellence, implementing training programs that support the pursuit of excellence, and addressing value discrepancies by offering moral guidance. In this context, stewards are executives and managers working for the shareholders, safeguarding their interests and generating profits, in contrast to agency theory. Stewardship theory emphasizes the role of top management as stewards, integrating their objectives into the organization rather than focusing on individual goals. According to the stewardship perspective, stewards derive satisfaction and motivation from the achievement of organizational success. The stewardship model bears similarities to practices in countries like Japan, where workers assume stewardship roles, taking ownership of their tasks and performing them diligently. Furthermore, stewardship theory proposes merging the roles of the CEO and the chairman to minimize agency costs and enhance their stewardship responsibilities within the organization. This integration is believed to enhance shareholder protection, as empirical evidence indicates improved returns when both theories are combined rather than kept separate.⁶⁵

⇒ **Social Contract Theory**

Among the various theories examined in corporate governance literature, social contract theory views society as a collection of social agreements between individuals and society as a whole.⁶⁶ There is a philosophical perspective that regards social responsibility as a contractual duty that a company is obligated to fulfill towards society.⁶⁷ Donaldson and Dunfee (1999) formulated an intricate social contract theory to guide managers in ethical decision-making, encompassing both macrosocial and microsocial contracts. The macrosocial contract pertains to the expectations of communities for businesses to contribute to local support, while the microsocial contract relates to individual forms of engagement.⁶⁸

⇒ **Legitimacy Theory**

Another theory examined in the corporate governance literature is legitimacy theory. Legitimacy theory is described as "a broad perception or assumption that the actions of an entity align with socially constructed systems of norms, values, beliefs, and definitions, and are deemed desirable, proper, or suitable."⁶⁹ Just as social contract theory posits, legitimacy theory is grounded in the idea that there exists a social contract between society and an organization. The premise is that a company is granted the privilege to function by society and is ultimately answerable to society for its actions

⁶⁵ Ibid, Donaldson, L., & Davis, J. H.

⁶⁶ Gray, R, Owen, D., & Adams, C. (1996). *Accounting and Accountability*. Changes and Challenges in Corporate Social Environmental Reporting, Prentice -Hall Europe Harlow.

⁶⁷ Donaldson, T. (1983). Constructing a Social Contract for Business. In T. Donaldson, & P. Werhane (Eds.), *Ethical Issues in Business*. Prentice-Hall, Englewood Cliffs, NJ.

⁶⁸ Ibid, Wan Fauziah Wan Yusoff, Idris Adamu Alhaji, p 58.

⁶⁹ Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20(3), 571-610.

CHAPTER ONE : CORPORATE GOVERNANCE

and operations. This is due to the fact that society bestows upon corporations the right to possess and utilize natural resources, as well as to employ individuals.⁷⁰

Historically, profit maximization was considered a metric for evaluating corporate performance. However, in accordance with legitimacy theory, profit is regarded as a comprehensive indicator of organizational legitimacy.⁷¹ The core principle of legitimacy theory is centered around the idea that an organization should prioritize the interests of the general public, rather than solely focusing on the demands of its investors. Neglecting to adhere to societal norms and expectations could lead to penalties in the form of limitations on the company's activities, resources, and market demand. Numerous empirical studies have utilized legitimacy theory to explore the realm of social and environmental reporting, highlighting a connection between corporate disclosures and the expectations of the community.⁷²

⇒ Political Theory

Political theory emphasizes garnering voting support from stakeholders rather than acquiring voting power. Thus, exerting political influence on corporate governance can shape decision-making within the organization. Safeguarding public interest is paramount as the government engages in corporate decision-making processes, all while navigating various cultural challenges.⁷³ The political paradigm emphasizes that the distribution of corporate power, profits, and privileges is determined through governmental favor. The political framework of corporate governance can significantly impact governance advancements. In recent decades, it has become evident that the government of a nation wields considerable political sway over businesses. Consequently, politics has infiltrated the structure of governance within companies.⁷⁴

2.3 Corporate governance characteristics and the benefits of Corporate Governance

2.3.1 Forms of Ownership:⁷⁵

Ownership structure pertains to the distribution of shares owned by individuals or entities in a corporation, and is influenced by the manner in which a company addresses its financial requirements.⁷⁶

There is no definitive optimal ownership structure for effective corporate governance. Different models exist in developed and emerging markets, each with its own set of pros and cons. While it is crucial to uphold the values, principles, and best practices of corporate governance, it is equally important to consider and adapt to the unique governance practices and circumstances of each locality.

⁷⁰ Deegan, C 2004, Financial Accounting Theory, McGraw-Hill Australia Pty Ltd, NSW.

⁷¹ Ramanathan, K. V. (1976). Towards a Theory of Corporate Social Accounting. *The Accounting Review*, 21(3), 516-28.

⁷² Ibid, Deegan, C.

⁷³ Pound, J. (1983). Proxy Contest And The Efficiency Of Shareholder Oversight. *Journal of Financial Economics*, 20, 237-265.

⁷⁴ Hawley, J. P., & Williams, A. T. (1996). Corporate Governance in the United States: The Rise Of Fiduciary Capitalism. Working Paper, Saint Mary's College of California, School of Economics and Business Administration.

⁷⁵ Mikra Krasniq, Corporate Governance for Emerging Markets (Center for International Private Enterprise; Reform Toolkit, Washington, USA, 2008, PP 8-9.

⁷⁶ Niki Lukviarman, Key Characteristics Of Corporate Governance: The Case of Indonesia, Working Paper Series n ° 1, Curtin University of Technology, Australia, September, 2001, p 11.

CHAPTER ONE : CORPORATE GOVERNANCE

⇒ **Concentrated ownership**

A select few insiders wield authority within the company under this structure. These insiders possess both the capability and the motivation to vigilantly oversee management, thus reducing the risk of mismanagement and the disregard of their interests. Furthermore, insiders typically maintain their investments for an extended period, leading them to endorse choices that promote long-term success.

Regrettably, there are instances where individuals within the company unlawfully appropriate the assets of the firm, disregarding the rights of minority shareholders. Moreover, managers who hold substantial shares in the company may manipulate board decisions to serve their own interests, ultimately harming the company. Such examples of poor governance not only deter potential investors, but also diminish liquidity, weaken performance, and impede progress.

⇒ **Dispersed ownership**

In this scenario, a multitude of shareholders possess a fractional amount of company stocks. Shareholders depend on autonomous board members to divulge information, impartially evaluate managerial effectiveness, and staunchly safeguard shareholders' interests. This arrangement of dynamic independent directors promotes transparency and fluidity in financial markets.

Conversely, minority shareholders lack the motivation to rigorously oversee the actions of executives and board members, and typically do not actively participate in the decision-making process. Their primary focus often resides in the pursuit of immediate financial gains.

⇒ **Family-owned firms**

In certain nations, family enterprises comprise up to 90 percent of all enterprises and play a crucial role in fostering economic development. While they may not encounter the traditional issue of ensuring managerial responsibility, they do encounter a distinct array of obstacles. These include addressing issues related to succession planning, settling family conflicts, and upholding standards of professionalism. Additionally, they must adhere to the rights of minority stakeholders.

Family-owned enterprises derive significant advantages from implementing effective governance strategies. By enhancing decision-making procedures and organizational structures, corporate governance enables them to optimize the contributions of family members and external professionals. This, in turn, allows them to reduce their capital expenditures, enhance the marketability of family assets, and mitigate risks. Clearly defining the roles of family members within the company aligns the interests of both the family and the enterprise.

⇒ **State-owned enterprises (SOEs)**

State-owned enterprises continue to constitute a significant share of GDP in numerous economies. While these enterprises are owned by the state, it is the public whose assets are ultimately at stake. Effective governance in the realm of state-owned enterprises, akin to that in the private sector, enhances corporate performance while also bolstering the oversight of public finances and the provision of crucial public services.

CHAPTER ONE : CORPORATE GOVERNANCE

1.3.2 The Importance and the Benefits of Corporate Governance

Numerous academics and top-level executives regard governance as a fundamental instrument for the advancement of businesses in the rapidly changing modern era. Moreover, research conducted by Sinan (2008), Sulaimane (2009), Farhan and Elmashadani (2011), and Hasseini et al. (2012) demonstrates that corporate governance plays a crucial role in ensuring management accountability, enhancing financial and administrative practices, and upholding integrity, transparency, precision, and clarity in the company's financial reports, while also catering to the interests of shareholders and stakeholders. Consequently, governance serves to mitigate the risks associated with financial and administrative malpractice that businesses may encounter. Additionally, governance enhances a company's prospects of accessing financial markets, thereby bolstering its ability to thrive in an increasingly competitive landscape.⁷⁷

⇒ **Who Benefits from Corporate Governance?**⁷⁸

A proficiently managed company not only enhances value for shareholders and creditors but also for its workforce, clientele, and the broader community. Effective corporate governance plays a vital role in fostering a robust economic environment that promotes both local and international investments, ultimately leading to job creation and the overall well-being of a nation's populace..

Companies

Well-managed corporations outperform others. Corporations that implement strong governance practices anticipate a decrease in their cost of capital and can attract a broader spectrum of investors, many of whom have a more long-term perspective on investments. Their leadership is expected to excel in areas such as formulating corporate strategies, ensuring that mergers and acquisitions are driven by sound business rationale, and aligning compensation structures with performance. A company's ability to mitigate various risks, including legal liabilities, is also crucial. By conducting business responsibly and ethically, a company can cultivate valuable, enduring relationships with its stakeholders, including creditors, employees, customers, suppliers, and local communities.

Investors/shareholders

Investors acknowledge the potential for enhanced yields from well-managed enterprises and are prepared to shell out a premium for such returns. They also place a high value on the assurance that their investment will not be jeopardized by avaricious, negligent, or unscrupulous executives or associates. Sound governance safeguards the interests of investors, particularly minority stakeholders, encompassing their entitlement to partake in corporate governance and significant transactions, as well as their entitlement to receive comprehensive information regarding their investment. By fostering efficacy and confidence in financial markets, good governance equips investors with increased liquidity, enabling them to diversify and liquidate their assets as necessary. Lastly, mechanisms for addressing corporate insolvencies safeguard creditors and restrict the liability of shareholders.

⁷⁷ Ismail M.Romi, Sabah Gherbi and Hamza Sayah, Towards a Model for Corporate Governance for Algerian Companies, Business and Economics Review, April 2019, p 57.

⁷⁸ Mikra Krasniq (2008), Ibid, , P4.

CHAPTER ONE : CORPORATE GOVERNANCE

Stakeholders and society

Effective governance requires companies to uphold their responsibilities to employees, customers, creditors, suppliers, and communities. These stakeholders thrive on integrity, excellence, and dependability in their interactions with corporations. The broader society enjoys the advantages of efficiently managed businesses, which generate employment, bolster economic trust, and minimize inefficiencies.

1.3.3 Corporate Governance Characteristics: ⁷⁹

Good governance encompasses eight key characteristics. It is defined by its participatory nature, consensus-driven approach, accountability, transparency, responsiveness, effectiveness, efficiency, equity, inclusivity, and adherence to the rule of law. Good governance aims to minimize corruption, consider the perspectives of marginalized groups, and amplify the voices of the most vulnerable members of society in decision-making processes. Additionally, it is attuned to both current and future societal needs.

Participation

Inclusive participation from individuals of all genders is a fundamental pillar of effective governance. Such participation can manifest in either direct engagement or through recognized intermediary bodies or elected officials. It is crucial to note that the presence of a representative democracy does not automatically ensure that the needs of the marginalized sectors of society will be adequately addressed in the decision-making process. Participation must be both well-informed and structured, encompassing the rights to freedom of assembly and speech, as well as a well-organized civil society.

Rule of law

Effective governance necessitates equitable legal structures that are enforced without bias. It also demands the complete safeguarding of human rights, specifically those pertaining to marginalized groups. The unbiased implementation of laws mandates a judiciary that is autonomous and a police force that is fair and free from corruption.

Transparency

Transparency entails the adherence to rules and regulations in making and enforcing decisions. It also involves the availability of information that is easily accessible to those impacted by said decisions and enforcement. Furthermore, it necessitates the provision of sufficient information in easily comprehensible formats and mediums.

Responsiveness

Effective governance necessitates that institutions and procedures make a concerted effort to cater to the needs of all stakeholders in a timely manner..

Consensus oriented

In any given society, there exist numerous stakeholders with diverse perspectives. Effective governance necessitates the facilitation of dialogue among these various interests to establish a

⁷⁹ UNESCAP United Nations Economic and Social Commission for Asia and the Pacific, What is Good Governance?, Bangkok, Thailand

CHAPTER ONE : CORPORATE GOVERNANCE

comprehensive consensus regarding the collective well-being of the community and the means to achieve it. Furthermore, it demands a comprehensive and forward-thinking approach to identifying the requirements for sustainable human progress and the strategies for realizing these objectives. Such an approach can only be cultivated through a deep comprehension of the historical, cultural, and social dynamics within a particular society or community.

Equity and inclusiveness

The prosperity of a society hinges on the collective sense of belonging and inclusion felt by all individuals, ensuring that no one is marginalized from the societal fabric. This necessitates providing opportunities for enhancement or preservation of well-being to all segments of the population, with special attention to those most at risk.

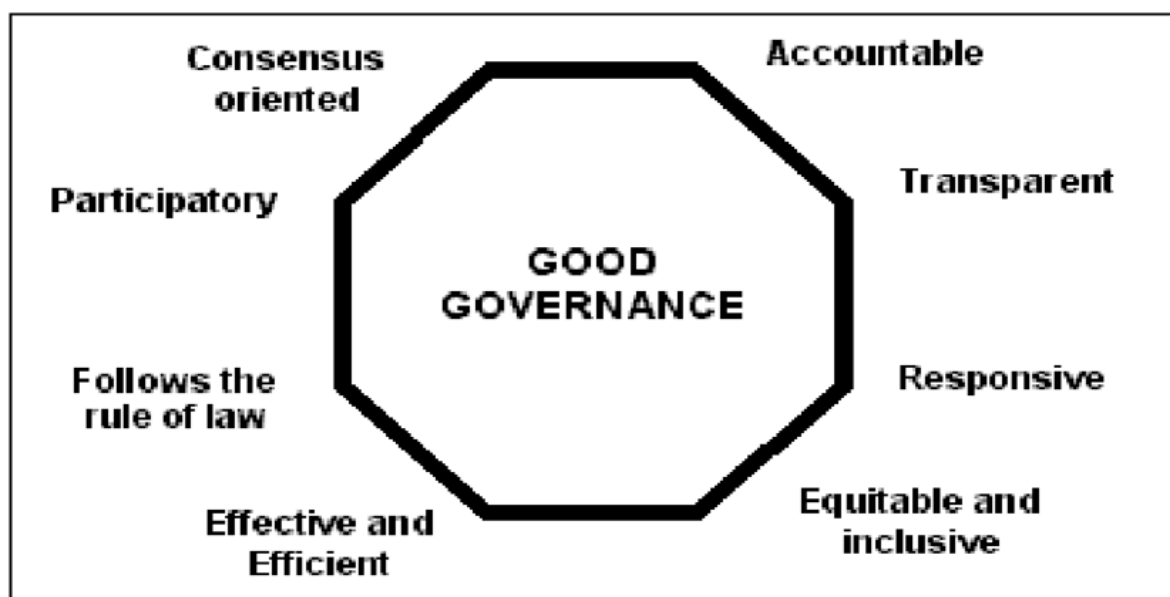
Effectiveness and efficiency

Effective governance entails the establishment of procedures and organizations that yield outcomes aligning with the societal demands, all while optimizing the available resources. Furthermore, the notion of efficiency within the realm of effective governance extends to the prudent utilization of natural resources and the safeguarding of the environment.

Accountability

Accountability is a fundamental aspect of effective governance. It is essential for not only government entities, but also for private enterprises and non-profit organizations to be accountable to the public and their stakeholders. The parties responsible for accountability may differ depending on whether the decisions or actions taken are internal or external to the organization or institution. Generally, an organization or institution is accountable to those who will be impacted by its decisions or actions. Accountability cannot be upheld without transparency and adherence to the rule of law.

Figure N 2.6: Corporate Governance Characteristics



Source: UNESCAP United Nations Economic and Social Commission for Asia and the Pacific, What is Good Governance?, Bangkok, Thailand

CHAPTER ONE : CORPORATE GOVERNANCE

1.4 Corporate Governance Models and systems

1.4.1 Corporate Governance Models:

The rise of large, publicly traded corporations and the necessity for effective oversight and control of these entities have led to the development of corporate governance frameworks with roots tracing back to the beginning of the 20th century. The initial corporate governance structures were built upon the principles of classical liberalism, emphasizing personal freedom and the unfettered operation of the market.⁸⁰

The term corporate governance has been interpreted diversely, with varying perspectives on the subject. Within the economic discourse on the influence of corporate governance on performance, two distinct models of the corporation emerge: the shareholder model and the stakeholder model.⁸¹

⇒ **The shareholder model:**

The shareholder-centric approach to corporate governance emerged in the United States during the 1950s and 1960s with the aim of promoting increased accountability and transparency in publicly traded companies. This model was built on the principle that shareholders should wield substantial influence over the management of the business and that the primary goal of the company should be the optimization of shareholder value.⁸²

According to the shareholder model, the primary goal of a firm is to enhance shareholder wealth by achieving allocative, productive, and dynamic efficiency, essentially equating to profit maximization. Performance evaluation within this model is typically based on the market value, or shareholder value, of the firm. Consequently, managers and directors are implicitly tasked with ensuring that the firm's operations align with the interests of shareholders. The fundamental challenge of corporate governance within this framework arises from the principal-agent relationship stemming from the separation of ownership and executive decision-making. This disconnect leads to deviations from the profit-maximizing ideal in the behavior of the firm. The misalignment occurs because the interests and goals of the principal (investors) and the agent (managers) diverge when ownership and control are separated. As managers do not possess full ownership of the firm, they do not bear the complete costs or enjoy the full benefits of their decisions. Therefore, while investors aim to enhance shareholder value, managers may pursue alternative objectives such as increasing their own compensation, expanding market share, or supporting specific investment ventures.⁸³

⇒ **The stakeholder model:**

The stakeholder-focused model of corporate governance emerged in Europe in the post-World War II era with the aim of promoting social welfare and financial stability. This framework was built on

⁸⁰ Lakshya Sharma, CORPORATE GOVERNANCE AND ITS MODELS – INDIAN PERSPECTIVE, TG TEAM. <https://taxguru.in/corporate-law/corporate-governance-models-indian-perspective.html>

⁸¹ OECD 1999, Corporate Governance : Effects On Firm Performance and Economic Growth, Maria Maher and Thomas Andersson, p 6.

⁸² Lakshya Sharma, CORPORATE GOVERNANCE AND ITS MODELS – INDIAN PERSPECTIVE, TG TEAM. <https://taxguru.in/corporate-law/corporate-governance-models-indian-perspective.html>

⁸³ Ibid, OCDE 1999, p 6.

CHAPTER ONE : CORPORATE GOVERNANCE

the idea that companies have responsibilities to their employees, customers, and society as a whole, and decisions should be made with a focus on enhancing long-term viability and ethical practices.

The stakeholder-oriented approach to corporate governance emerged in Japan during the 1950s and 1960s with the aim of promoting cooperation and finding mutual understanding among corporations, financial institutions, and the government. This framework was based on the belief that businesses were responsible for contributing to the overall social and economic welfare, and decisions should be made in consultation with all relevant stakeholders.

The advantage of the shareholder model lies in its ability to provide clear direction for managers in setting priorities and establishing a framework for assessing the effectiveness of the management team, particularly in terms of firm profitability. Conversely, the strength of the stakeholder model is its focus on addressing issues related to underinvestment due to opportunistic behavior, and in fostering active collaboration among stakeholders to secure the sustained profitability of the company. Nevertheless, a criticism of the stakeholder model, or a concern among those involved in the reform process, is the possibility of managers or directors using "stakeholder" rationales as a means to rationalize poor company performance.⁸⁴

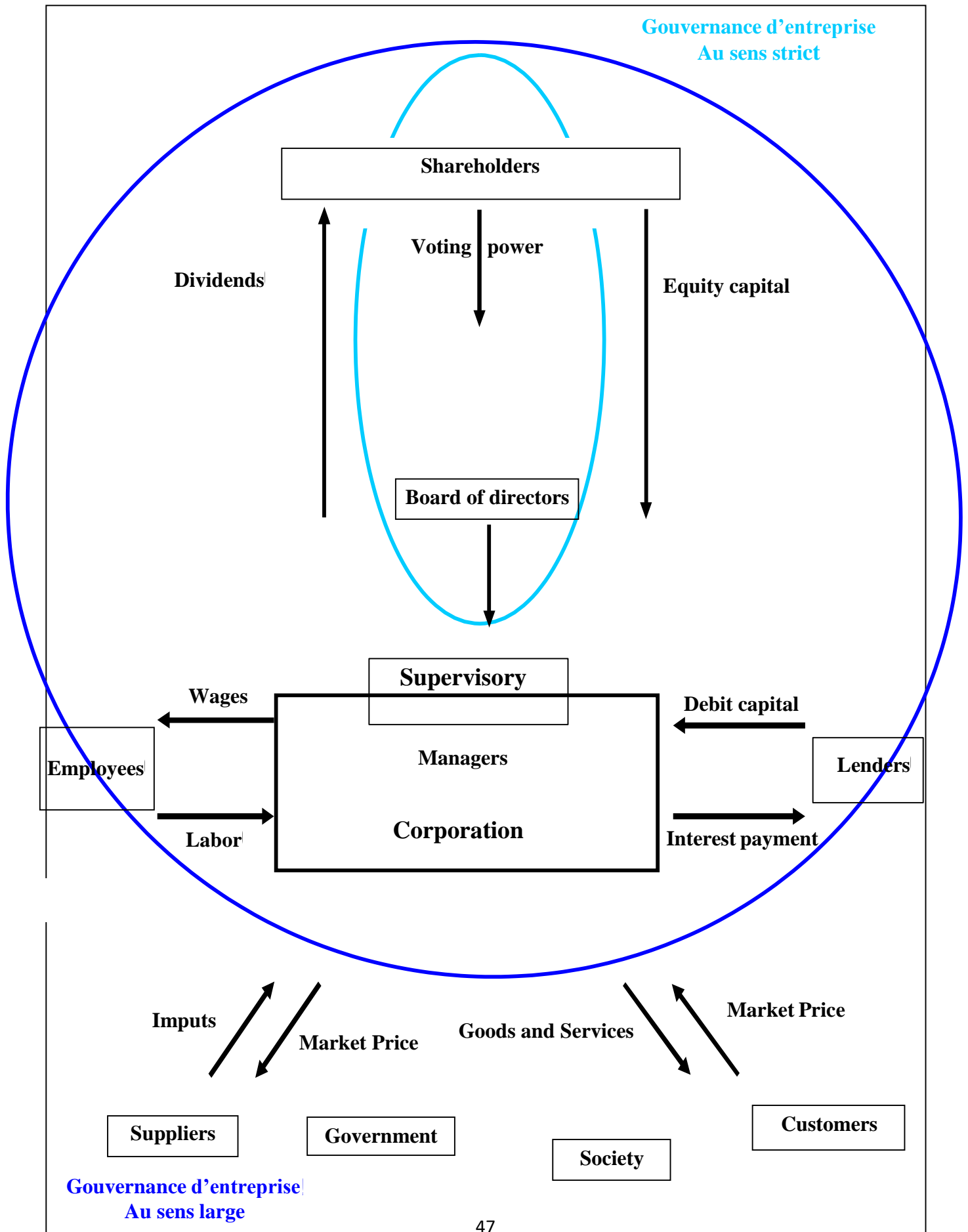
The Board of Directors serves as a crucial bridge connecting internal and external partnerships of the organization. It aligns with the comprehensive vision set forth by the company's leadership in line with corporate governance principles, which seek to involve all stakeholders in relationship management. On one hand, it oversees the broader aspect of stakeholder engagement, while on the other hand, it focuses on the more specific task of facilitating communication between shareholders and executive officers through the Board of Directors, as depicted in the diagram below.⁸⁵

Figure 2.7: Corporate Governance Under Shareholder and Stakeholder Approaches

⁸⁴ OECD 1999, Corporate Governance : Effects On Firm Performance and Economic Growth, Maria Maher and Thomas Andersson, p 10.

⁸⁵ مهدي شرقي، لويذة بهاز، نظرية أصحاب المصالح و الحوكمة وفق النموذج المساهماتي، المجلة الجزائرية للدراسات المحاسبية و المالية، المجلد 4، العدد الأول، 2018، ص 3.

CHAPTER ONE : CORPORATE GOVERNANCE



CHAPTER ONE : CORPORATE GOVERNANCE

Source : مهدي شرقي، لويزة بهاز، نظرية أصحاب المصالح و الحوكمة وفق النموذج المساهماتي، المجلة الجزائرية للدراسات المحاسبية و المالية، المجلد 4، العدد الأول، 2018، ص 35.

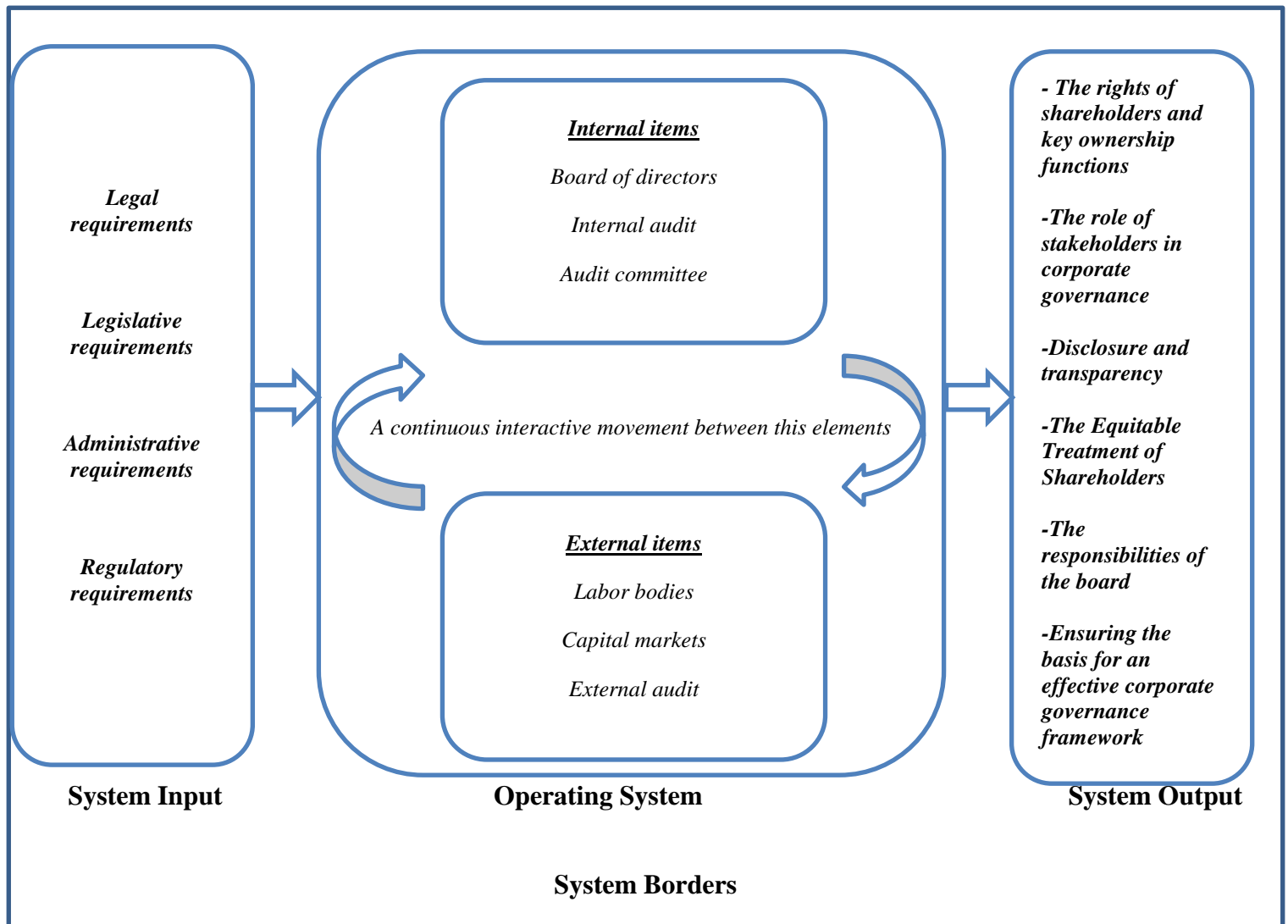
2.4.2 Corporate Governance system:

⇒ Definition Of Corporate Governance System :

*A country's system of corporate governance comprises the formal and informal rules, accepted practices and enforcement mechanisms, private and public, which together govern the relationships between people who effectively control corporations ("corporate insiders"), on one hand, and all others who may invest resources in corporations located in the country, on the other.*⁸⁶

It is also defined as “ *the framework that includes a set of environmental, political, economic, social, legal and institutional characteristics at the level of one country or a group of similar countries, which affects the mechanisms for resolving the conflict between various actors in the company.*”⁸⁷

Figure 2.8: Corporate Governance System



⁸⁶ Charles O. and Daniel B., Corporate Governance: A Development Challenge, OCDE Development Centre, Policy Insights N° 3, 2005, P 01.

⁸⁷ علال بن ثابت، دراسة في مساهمات البورصات في وضع معايير وقواعد حوكمة المؤسسات، مجلة الاصلاحات الاقتصادية تنمية واستراتيجيات الاندماج والانفتاح العالمي، العدد 10، المدرسة العليا للتجارة، الجزائر، 2011، ص 66.

CHAPTER ONE : CORPORATE GOVERNANCE

Source: حسين يريقي وعمر علي عبد الصمد، واقع حوكمة الشركات في الجزائر وسبل تفعيلها، ملتقى حوكمة الشركات المحاسبية: الواقع والرهنات والآفاق، جامعة العربي بن مهيدي، أم البواقي، 7-8 ديسمبر 2010، ص. 6.

- 1) **System inputs:** This aspect encompasses all the necessary prerequisites for effective governance, encompassing the essential provisions required for its implementation. It comprises a set of components that serve as indicators of the robustness or vulnerabilities within any corporate governance framework, ultimately determining its level of efficacy.

A. The legal and legislative framework:

It encompasses the legal framework and regulations that oversee interpersonal connections, establish obligations, establish permissible thresholds for conduct within the corporate sphere, and dictate the consequences or sanctions imposed on offenders, negligent individuals, and wrongdoers.⁸⁸

B. The Institutional Framework for Governance⁸⁹

In order to uphold a robust and competitive governance framework in developing markets, specific institutional requirements of a market economy must be established. Proponents of effective corporate governance should emphasize the necessity for the following institutional overhauls:

Property rights and contract law

A robust framework of private property rights is essential in delineating ownership and facilitating the exchange of property. It is imperative that individuals are shielded from unwarranted expropriation through proper legal procedures. Legislation should encompass the formal recognition of corporate entities and the authorization of joint stock companies with owners enjoying limited liability. Furthermore, laws should ensure the integrity of contractual agreements.

Independent judicial system and rule of law

A robust, autonomous, and accountable judiciary plays a pivotal role in upholding regulations and settling disputes. It is imperative that courts adjudicate conflicts in a uniform, impartial, and expeditious manner. The principle of legality dictates that the government must prioritize the common good over individual interests. It is essential for all citizens to receive equitable treatment under the law, with no entity being exempt from legal accountability.

Freedom of entry

It is imperative that markets maintain a competitive environment that is welcoming to new participants. Obstacles hindering entry, such as bureaucratic hurdles and government-sanctioned monopolies, should be dismantled. Legislation regarding anti-competitive practices should be implemented and upheld. Any form of favouritism, such as subsidies, quotas, and tax incentives, should be eradicated.

⁸⁸ عبد المجيد كموش، دراسة تحليلية لنماذج حوكمة الشركات – الآليات و نظام التشغيل- ، مجلة العلوم الإدارية و المالية، المجلد 2، العدد 2، 2018، ص 26.

⁸⁹ Mikra Krasniq, Corporate Governance for Emerging Markets ,Center for International Private Enterprise; Reform Toolkit, Washington, USA, 2008, PP 06-08.

CHAPTER ONE : CORPORATE GOVERNANCE

Reformed government agencies and regulatory structures

Civil servants are expected to exhibit professionalism, competence, and impeccable integrity. Regulators must adhere to stringent guidelines regarding conflicts of interest and operate within clearly defined parameters of authority. Streamlining regulations necessitates the removal of superfluous or contradictory legislation and rules.

Freedom of information

Governments ought to be forthcoming regarding their policies and refrain from impeding the dissemination of economic data. Businesses, the media, civil society organizations, and individuals should have the liberty to voice their perspectives and exchange information without hindrance.

- 2) **Operating System:** This refers to the entities accountable for executing corporate governance, as well as those overseeing its implementation, regulatory bodies, and all administrative entities within or outside organizations that play a role in implementing governance, promoting adherence to it, enhancing its regulations, and boosting its efficiency. We elaborate on this below.:⁹⁰

A- Internal elements: They comprise the regulations and principles dictating decision-making and power allocation within the organization, spanning across the General Assembly, the Board of Directors, and the executive management team, ultimately serving to mitigate conflicts among these key stakeholders.

B- External elements: They allude to the overall investment environment in the nation, encompassing the caliber and robustness of the legislation governing economic operations, along with the efficacy of the regulatory entities and organizations (specifically the Capital Market Authority and the Stock Exchange), as well as certain self-governing bodies (professional associations that institute codes of conduct and standards for their members, such as auditors, accountants, attorneys, and external auditors).

- 3) **System outputs:** Essentially, the representation encapsulates the company's utilization of the various privileges afforded by this system, the objectives it aims to fulfill, and the anticipated outcomes resulting from its implementation.⁹¹

⇒ **Corporate Governance Systems:**

One of the most notable disparities among corporate governance systems in various countries lies in the variation of ownership and control structures present. These systems can be categorized based on the extent of ownership and control, as well as the identity of dominant shareholders.⁹² One of the most significant and widely recognized categorizations used to describe the world is the classification

⁹⁰ علاء فرحان طالب، ايمان شحيان المشهداني، الحوكمة المؤسسية و الأداء الاستراتيجي للمصارف، الطبعة الأولى، دار الصفاء للنشر والتوزيع، عمان، الأردن، 2011، ص 46.

⁹¹ عبد المجيد كموش، 2018، مرجع سابق، ص 26.

⁹² Ibid, OCDE 1999, p 3.

CHAPTER ONE : CORPORATE GOVERNANCE

into: Market-oriented paradigm, Network-oriented paradigm, and Hybrid paradigm that combines the attributes of the former two paradigms. ⁹³.

a) *The Anglo-Saxon (Outsider) System:*

The Anglo-Saxon corporate governance system is prevalent in Anglo-Saxon nations and is commonly referred to as the shareholder system. Key features include robust and dynamic stock markets, dispersed ownership, a unitary board of directors, robust safeguards for minority shareholders, and a prominent presence of institutional investors. Unlike other corporate governance models, management in the Anglo-Saxon system operates independently from stakeholder groups and is primarily overseen by the stock market and investors. ⁹⁴. Corporate governance in this context pertains to the structured framework outlining the responsibility of top-level executives to the shareholders.⁹⁵.

Companies in this structure are overseen by a unitary board of directors, tasked with making strategic decisions and providing oversight of the executive leadership. This board is comprised of both executive and non-executive directors. Currently, the prevailing tendency in this system is to augment the proportion of non-executive directors in order to enhance governance and oversight of company operations. This framework also offers the benefit of preventing the concentration of power by prohibiting one individual from simultaneously serving as Chairman and CEO. ⁹⁶.

In outsider systems, the widespread distribution of share capital often links corporate success to profit maximization-focused leadership, particularly in the short term. This is done in order to receive favorable assessments from the market regarding the actions of boards that exhibit a high degree of independence. Shareholders are typically called upon to evaluate the effectiveness of governance on an annual basis, based on their expectations for short-term compensation. Their approval significantly impacts the status of board members.

The emphasis in such a system may be overly focused on short-term gains, ultimately hindering investment to a degree below what is deemed optimal. ⁹⁷.

This system is distinguished by its emphasis on investor protection through adherence to general law, commercial law, and bankruptcy and reorganization regulations, particularly within the context of more advanced financial markets. Furthermore, this system is known for its heightened transparency, reduced incidence of corruption, and a focus on enhancing liquidity in financial markets. Nevertheless, a notable weakness lies in the lack of significant shareholders who prioritize long-term profit maximization over short-term gains. This discrepancy often results in conflicts between board members and shareholders, leading to structural tensions within ownership. Shareholders may also

⁹³ عبد المجيد كموش، 2018، مرجع سابق، ص 32

⁹⁴ Daaam International 2011, Comparative analysis of Corporate Governance Systems, Annals of Daaam for 2011, Volume 22, No 1, p 1361.

⁹⁵ Ibid, OECD 1999, p 6.

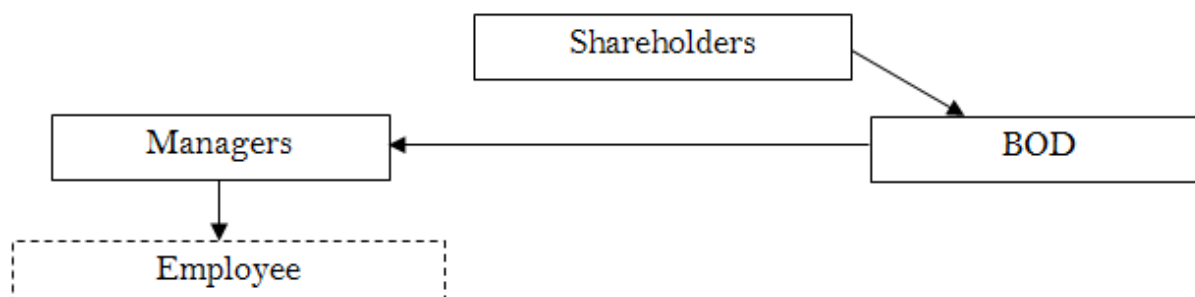
⁹⁶ مركز المشروعات الدولية الخاصة (cipe)، دليل حوكمة الشركات في الأسواق الصاعدة، 2005، ص 14.

⁹⁷ Daniela M.Salvioni, Simona Franzoni and Francesca Gennari, Corporate Governance Systems and Sustainability : CRS as a factor of Convergence Between Outsider and Insider Systems, Corporate Ownership & Control, Volume 14, Issue 1, 2016, p 140. Available at: <https://www.virtusinterpress.org/CORPORATE-GOVERNANCE-SYSTEMS-AND.html>

CHAPTER ONE : CORPORATE GOVERNANCE

contemplate divesting their investments in pursuit of greater returns elsewhere, ultimately undermining the stability of the institution.⁹⁸

Figure N 2.9: The Anglo-Saxon corporate governance System.



Source: Cernat, L., 2004. The emerging European corporate governance model: Anglo-Saxon, Continental, or still the century of diversity? *Journal of European Public Policy*, 11(1): 147-166.

b) *The German-Japanese (Insider) System :*

This model amalgamates the German and Japanese approaches to corporate governance. In the German context, ownership is concentrated in banks, with employees participating on the board of directors. This board, composed of executives, is tasked with managing companies in a manner that prioritizes the interests of banks over those of the companies. Conversely, in the Japanese model, governance revolves around investing significant effort and resources in securing the loyalty and dedication of individuals. In this system, both banks and shareholders appoint the board of directors, who in turn select the executive team responsible for appointing department heads. In this model, internal governance mechanisms, particularly those of banks, play a critical role in influencing company decisions through their capital contributions.⁹⁹

Table N 2.2: the Network-oriented system.

	Network-oriented system	
The definition	The system in which firm ownership and control is under the authority of a few large owners (family companies, holding companies, blockholders, mutual ownership), or creditor banks	
Model settings	Germany	Nippon
	<p>Context: World War II contributed to making banking intermediation more favorable than financial markets.</p> <p>Legal framework: Its origins date back to ancient Roman laws. This system contains laws and rules that</p>	<p>Context: Japan is a country devastated by World War II, and accordingly companies were unable to provide the necessary information to potential investors and guarantee their quality, which led to the transformation into banks as a safer source of financing.</p>

⁹⁸ حمادي نبيل، عمر علي عبد الصمد، ملتقى حول النماذج الدولية لحوكمة المؤسسات، دراسة مقارنة للولايات المتحدة الأمريكية وفرنسا، جامعة المدية، ص 844.

⁹⁹ Ismail M.Romi, Sabah Gherbi and Hamza Sayah, Towards a Model for Corporate Governance for Algerian Companies, *Business and Economics Review*, April 2019, p 65.

CHAPTER ONE : CORPORATE GOVERNANCE

	<p>judges adhere to its provisions without providing any measure of flexibility.</p> <p>Ethical aspect: Discipline, merit, and behavior are the pillars of the moral axis of the Germans in their pursuit to the goal.</p>	<p>Legal framework: The bond market was open only to major national companies</p> <p>Ethical aspect: it includes consensus, transparency, and participation, all of which support the spirit of teamwork.</p>
Capital structure	<ul style="list-style-type: none"> • Large volume of mutual ownership between companies. • The capital structure is more concentrated (the top five shareholders hold more than 40% of the company's capital in Germany. • Significant ownership of banks in corporate capital. 	<ul style="list-style-type: none"> • A high level of mutual ownership between companies (according to P.Sheard, 2/3 of Japanies industrial companies are owned by other companies). • A strong presence of banks in corporate capital.

Source: عبد المجيد كموش، مرجع سابق، ص 30.

This corporate governance framework contrasts with the Anglo-Saxon model. In the European system, shareholder groups possess a substantial portion of publicly traded shares, granting them the authority to make decisions on various corporate matters. Ownership of corporations is centralized among a select group of investors, as well as banks and employees, all of whom wield considerable influence over governance procedures.¹⁰⁰

The benefit of concentrated ownership or concentrated voting power lies in its ability to address the challenges related to overseeing management that arise with dispersed ownership structures. This is due to the fact that when ownership rights and control rights are in alignment, majority shareholders are equipped with both the motivation and authority to supervise management effectively. In cases where ownership is dispersed but voting power is concentrated, it is the controlling blockholders who are incentivized to actively engage in monitoring activities. This is because, through concentrated voting power (or ownership), controlling blockholders and majority shareholders are able to reap a significant portion of the rewards associated with monitoring, while the concentrated voting rights provide them with the essential authority to influence the decision-making process.¹⁰¹ Furthermore, the significant aggregation of capital among predominant shareholders leads to their active involvement in managerial roles, typically as executives, and shapes governance practices geared towards long-term value optimization. Consequently, the leadership demonstrated by the board is heavily impacted by the actions of the majority shareholder, as their enduring ownership stake tends to correlate with sustained enhancement of financial performance.¹⁰²

¹⁰⁰ Ibid, Daaam International 2011, Comparative analysis of Corporate Governance Systems, p 1361.

¹⁰¹ Ibid, OECD 1999, p 24.

¹⁰² Ibid, Daniela M.Salvioni et al, p 141.

CHAPTER ONE : CORPORATE GOVERNANCE

Within Insider Systems, financial institutions take on the pivotal external governance function by means of relational financing, offering financial services and oversight during periods of financial instability. Banks and industrial enterprises possess substantial stakes in European firms and are deeply involved in overseeing and managing the operations of these corporations.¹⁰³

While concentrated voting power may lead to enhanced oversight and, theoretically, improved company performance.¹⁰⁴, Businesses with a significant level of ownership concentration may encounter principal-principal agency issues, wherein dominant shareholders exploit company assets at the expense of minority shareholders through practices such as tunneling.¹⁰⁵ Furthermore, heightened ownership concentration or voting authority increases the potential for significant blockholders or predominant shareholders to engage in collusion with company management to the detriment of minority shareholders. This collusion may lead to a push for the acquisition of rival firms in order to establish dominance in the market or eliminate competition. Such actions often involve the rejection of takeover and merger proposals that could potentially diminish the control held by these major shareholders, despite the fact that such proposals could significantly enhance the overall performance of the company.¹⁰⁶

On the contrary, the establishment and continuity of new enterprises are significantly influenced by the feasibility and expense of acquiring financial resources. In economies characterized by limited and illiquid public stock markets, as well as the absence of venture capital markets, new businesses and small to medium-sized enterprises (SMEs) may encounter substantial challenges in securing equity funding. Consequently, the prevailing financing model for startups and small businesses in such economies involves a greater dependence on debt financing compared to economies with more external financial systems. This poses a significant challenge for new enterprises, as they lack a proven track record or established relationships within the financial industry. In such cases, financial institutions tend to adopt a more risk-averse approach to lending, given the asymmetrical risks associated with financing new startups. Consequently, the lack of an active equity market and the heavy reliance on debt financing can hinder the growth of a dynamic and flourishing SME sector.¹⁰⁷

¹⁰³ Ibid, Daaam International 2011, Comparative analysis of Corporate Governance Systems, p 1361.

¹⁰⁴ Ibid, OECD 1999, p 24.

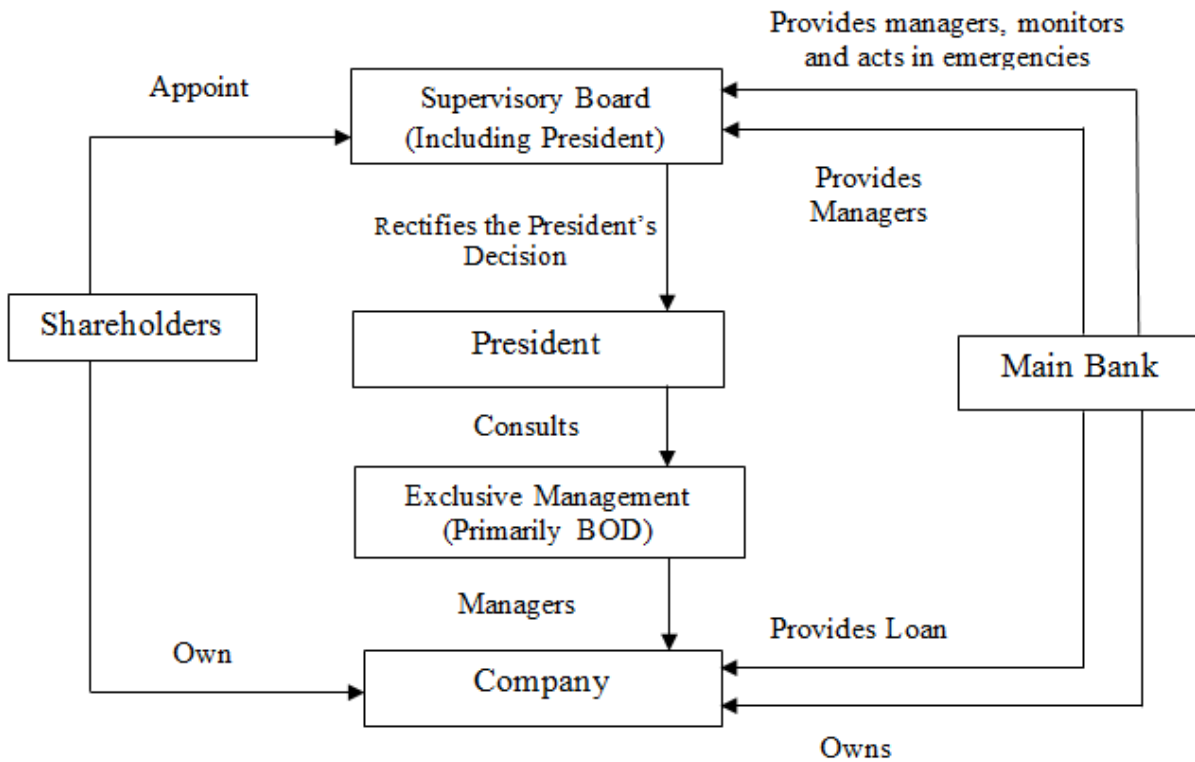
¹⁰⁵ Walaa Wahid Elklish, Corporate Governance : The International Journal of Business in Society, Emerald Insight, December 2017, p 3.

¹⁰⁶ عبيدي نعيمة، أثر هيكل الملكية في تحقيق مبادئ حوكمة المؤسسات -دراسة نقدية تحليلية-، مجلة الواحات للبحوث و الدراسات، المجلد 7، العدد 2، 2014، ص 95.

¹⁰⁷ Ibid, OECD 1999, p 26.

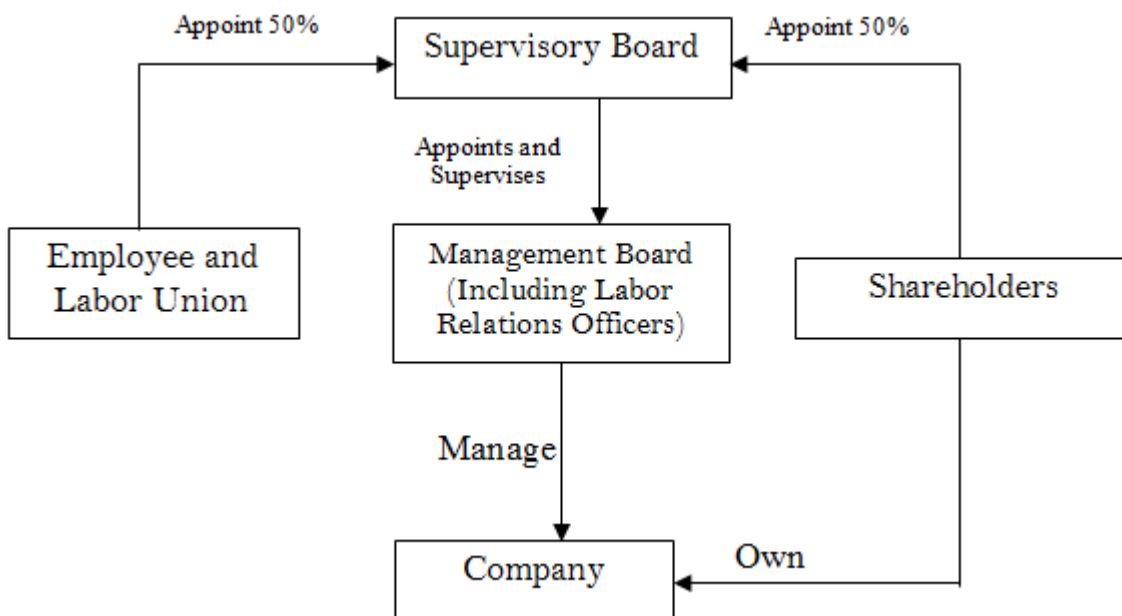
CHAPTER ONE : CORPORATE GOVERNANCE

Figure N 2.10: Japanese System of corporate governance.



Source : Adapted from : Mostepaniuk, A., 2017. Corporate Governance. In L. Emeagwali, Corporate Governance and Strategic Decision Making. Intech Open. pp: 1-21. (Modified).

Figure N 2.11: Germanic System of corporate governance.



Source: Adapted from Mostepaniuk (2017). (Modified).

CHAPTER ONE : CORPORATE GOVERNANCE

c) The hybrid (France-Italy) system:

Within the realm of corporate governance systems, a hybrid or intermediary model arises that amalgamates features of both market-based and network-based models. This model predominantly relies on government intervention to delineate the structures upon which the country's corporate governance system is founded.¹⁰⁸

According to this framework, shareholders are regarded as the most influential stakeholders, requiring at least a 50% consensus among them. The model categorizes firms into two groups: those governed by a single-tier board and those governed by a two-tier board. Ownership structures include family ownership and state ownership. The market for corporate control is not actively utilized as a governance mechanism in this model, and the effectiveness of linking managerial compensation to performance is limited.¹⁰⁹

When evaluating different corporate governance frameworks, it is not definitive to assert the superiority of one over another. Modern corporate governance structures are trending towards convergence, highlighting the significance of incorporating optimal methodologies from each system into corporate practices.¹¹⁰. The following table shows the differences between the systems :

Table 2.3: Comparison for corporate governance systems.

	Outsider System	Insider System	Hybrid System
Purpose of corporation	Maximization of shareholder value	Maximization of stakeholders wealth	Maximization of shareholder and stakeholders wealth
Board of directors	One-tier board (executive and non-executive)	Two-tier board (executive and supervisory boards)	One-tier or two-tier board
Ownership concentration	Low	high	High
Ownership structure	Dispersed ownership between investors	Mutual ownership	Family ownership and state ownership
Role of capital market	High	low	Low
Role of banks	Low	high	Low
Source of discipline	External market forces	Internal social forces	External and internal forces
Executive management remunerations	Linked to performance	Not linked to performance	Not linked to performance

Source: compiled from various sources.

¹⁰⁸ عبد المجيد كموش، مرجع سابق، ص 32.

¹⁰⁹ بهاء الدين سمير علاء، أثر الآليات الداخلية لحوكمة الشركات على الأداء المالي للشركات المصرية دراسة تطبيقية، مجلة التنفيذي من إصدارات مركز المديرين المصري، العدد، جامعة القاهرة، 2009، ص 18.

¹¹⁰ Ibid, Daaam International 2011, Comparative analysis of Corporate Governance Systems, p 1362.

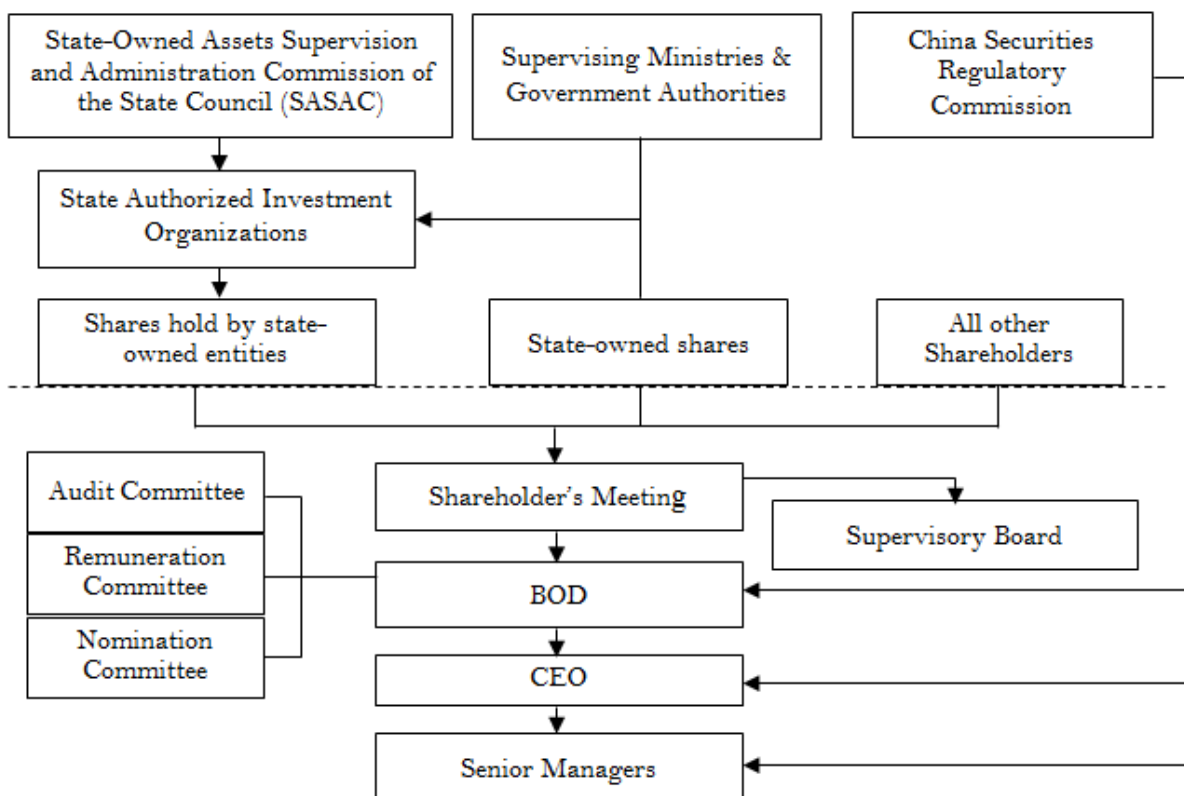
CHAPTER ONE : CORPORATE GOVERNANCE

d) Chinese System Of Corporate Governance:

The Chinese corporate governance framework is influenced by the Anglo-Saxon or market-oriented model. In 1996, the Chinese government decided to introduce its own corporate governance system, depicted in Figure 10 as 'Zhuban Yinhang' or 'Main Bank', which combines elements from Japanese and European models, aiming to revamp state-owned enterprises.¹¹¹ Subsequently, Chinese economists and policymakers have influenced the formation of the corporate governance framework, which consists of the owner, Board of Directors (BOD), and senior managers. Within this framework, a robust and cohesive relationship is established, allowing the owner to delegate investments to the board of directors. The BOD serves as the ultimate decision-making body within the company, possessing the power to appoint and dismiss individuals, as well as administer rewards and penalties.¹¹²

In the Chinese paradigm, the government exercises robust oversight over the corporate governance framework. The Board of Directors holds supreme authority in all matters pertaining to corporate decision-making and the development of internal policies.¹¹³

Figure N 2.12 : Chinese System of corporate governance.



Source: Guo, L., C. Smallman and J. Radford, 2013. A critique of corporate governance in China. *International Journal of Law and Management*, 55(4): 257-272.

¹¹¹ Tam, O., 2000. Models of corporate governance for Chinese companies. *Corporate Governance: An International Review*, 8(1): 52-64.

¹¹² Wu, J.L., 1994. *Modern companies and enterprise reform*. Tianjin: Tianjin Renmin Chubanshe.

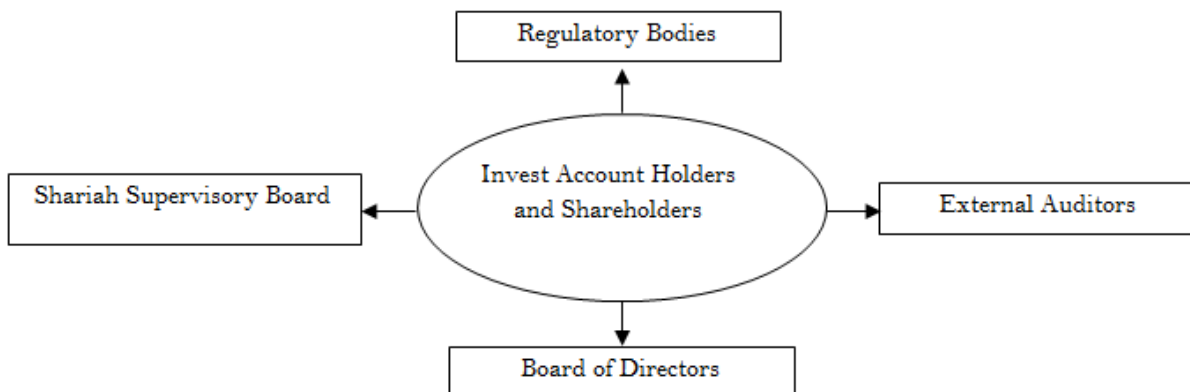
¹¹³ <https://archive.conscientiabeam.com/index.php/11/article/view/1068>

CHAPTER ONE : CORPORATE GOVERNANCE

e) *Islamic Corporate Governance System:*

The Islamic banking system shares similarities with the capitalist economic trade and the conventional banking system, as it enables shareholders to generate profits and exercise their right to increase their wealth. Nevertheless, the Islamic corporate governance model acknowledges the stakeholders' entitlement to promote corporate stability, social equity, and economic fairness within the organizational framework. In this model, stakeholders are empowered to actively engage in the design and implementation of corporate governance systems and collaborate with shareholders to safeguard their interests. Moreover, through the enforcement of a rule-based incentive system, Islamic corporate governance ensures the promotion of social justice.¹¹⁴ Incorporating rule-based frameworks into the organizational structure enables managers to uphold the welfare of all stakeholders and guarantee the protection of their internal rights. Within the realm of Islamic corporate governance (refer to Figure 12), two distinct boards, the Shariah supervisory board and the shura board, collaborate with stakeholders to oversee Shariah-related matters and safeguard the interests of all stakeholders. The adherence to Shariah principles stands out as the primary distinguishing factor that renders Islamic corporate governance exceptionally distinctive.¹¹⁵ In conjunction with the Board of Directors, the Shariah supervisory board oversees the adherence to Shariah principles to guarantee Shariah compliance in all operations of Islamic financial institutions. Furthermore, both the Board of Directors and the Shariah supervisory boards are tasked with upholding Islamic principles and safeguarding the reputation of Islamic banks.¹¹⁶

Figure N 2.13: Responsible parties for the implementation of corporate governance in IFIs.



Source: Shanmugam, B. and Z. Zahari, 2009. A primer on islamic finance. Charlottesville: Research Foundation Publications, CFA Institute.

In the stakeholder model of Islamic corporate governance, managers are entrusted with a fiduciary responsibility to operate the business in a manner that upholds the best interests of all stakeholders.

¹¹⁴ Iqbal, Z. and A. Mirakhor, 2004. Stakeholders model of governance in islamic economic system. *Islamic Economic Studies*, 11(2): 44-63.

¹¹⁵ Alam, M.K., S.A. Rahman, M.S. Hossain and S. Hosen, 2019a. Shariah governance practices and regulatory problems of islamic insurance companies in Bangladesh. *International Journal of Academic Research in Business and Social Sciences*, , 9(1): 109-124

¹¹⁶ <https://archive.conscientiabeam.com/index.php/11/article/view/1068>

CHAPTER ONE : CORPORATE GOVERNANCE

Stakeholders are granted the autonomy to engage in organizational activities to mitigate conflicts and protect their respective rights.¹¹⁷

Furthermore, according to the normative principles of corporate governance, individuals of the Muslim faith maintain that they are accountable (as a self-regulatory framework) to the Divine both in life and on the Day of Judgment. Accountability stands as a critical element within this framework, ensuring that all pertinent information is divulged to stakeholders and that transparency is upheld in Islamic banking operations. Additionally, the framework prioritizes the maintenance of current, equitable, and unbiased financial record-keeping practices. As illustrated in the corporate governance model of Islamic Financial Institutions (IFIs) depicted in Figure 13, the Shariah supervisory board assumes a pivotal role in overseeing, establishing, and monitoring adherence to Shariah principles within the operations of Islamic entities through the internal Shariah compliance unit or Shariah department. Shareholders and other members of the community also play a vital role in promoting social justice and working towards the overarching objectives of Islamic corporate governance.¹¹⁸ The Islamic corporate governance framework safeguards the rights and interests of all stakeholders within the corporation. Furthermore, shareholders are afforded the chance to actively engage in the decision-making procedures of Islamic financial institutions.¹¹⁹

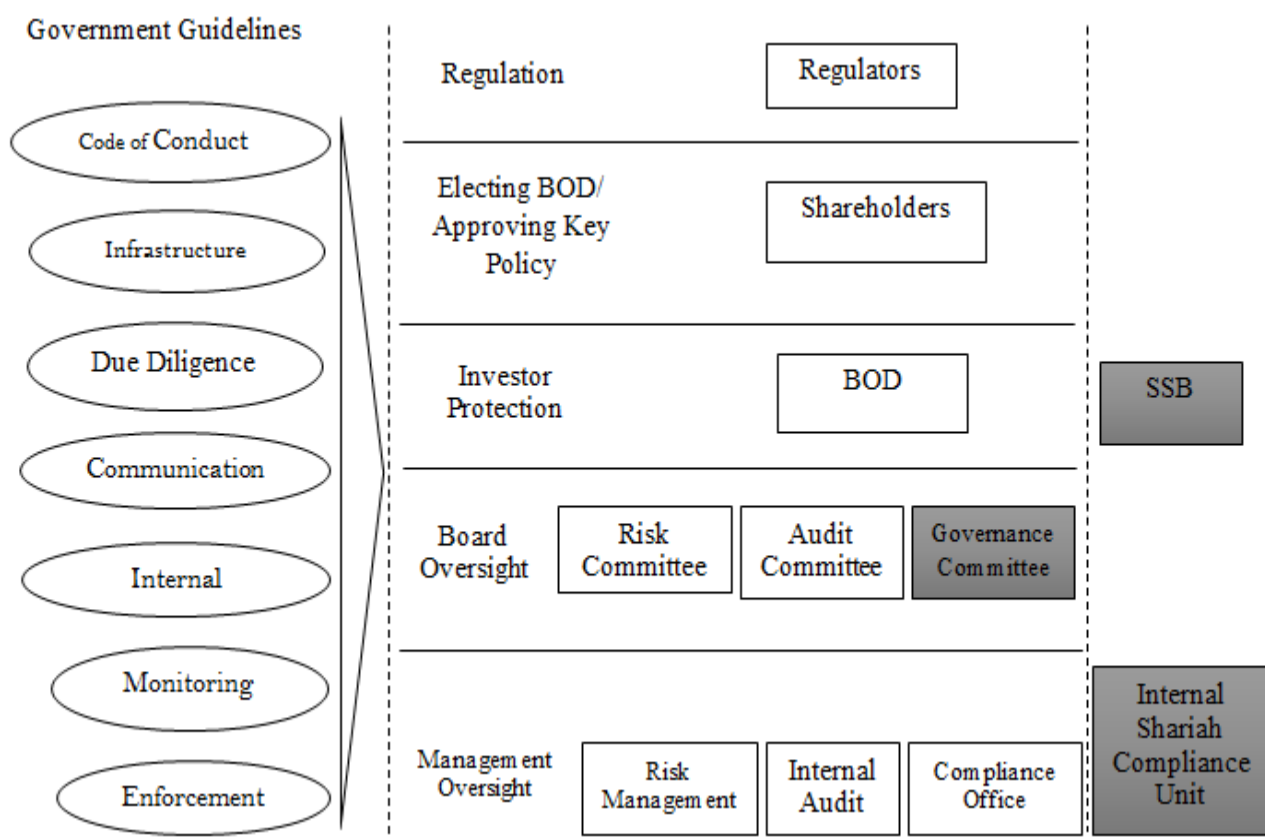
¹¹⁷ Hasan, Z., 2009. Corporate governance: Western and Islamic perspectives. *International Review of Business Research Papers*, 5(1): 277-293.

¹¹⁸ Choudury, M.A. and M.Z. Hoque, 2004. *An advanced exposition of Islamic economics and finance*. New York: Edward Mellen Press.

¹¹⁹ <https://archive.conscientiabeam.com/index.php/11/article/view/1068>

CHAPTER ONE : CORPORATE GOVERNANCE

Figure N 2.14: Corporate governance structure for IFIs.



Source: Stanley, M., 2008. Implementing corporate governance for islamic finance. Finance Network. (Modified)

1.5 Corporate Governance principals and mechanisms:

1.5.1 Corporate Governance principals:

Given the diverse economic, political, and cultural landscapes across nations, a universal framework for instituting corporate governance that yields consistent outcomes worldwide remains elusive. Consequently, numerous global organizations have arisen to establish and enforce guidelines for corporate governance practices.¹²⁰ Some of the notable organizations include the Cadbury Committee in the United Kingdom, the Organization for Economic Co-operation and Development (OECD), the International Organization for Standardization (ISO), and the Institute for Corporate Governance "HAWKAMA" in the UAE.

⇒ **Principal of corporate governance of the Cadbury committee report 1992 (code of best practice):**

The Committee was established in May 1991 by the Financial Reporting Council, the London Stock Exchange, and the accountancy profession to tackle the financial components of corporate

¹²⁰ Ibid, Ismail M.Romi et al, p 58.

CHAPTER ONE : CORPORATE GOVERNANCE

governance.¹²¹ The report was released in December 1992, presenting a code of optimal conduct (found on pages 58 to 60). This code is specifically aimed at the boards of directors of all publicly traded companies incorporated in the United Kingdom.

The code has been segmented into four distinct sections, namely: Output in English.¹²²

I. The role of Board of Directors, duties of the board and its compositions:

- The board should convene on a regular basis, maintain complete and efficient oversight of the company, and supervise the executive leadership.
- The board should consist of non-executive directors who possess a high level of expertise and experience, in addition to being of adequate quantity, to ensure that their perspectives hold considerable influence in the board's decision-making process.
- The board must establish a structured agenda outlining matters exclusively designated for its decision-making in order to maintain firm direction and control over the company.
- Every director should have the privilege of consulting with the company secretary, who is accountable to the board for overseeing adherence to board protocols and compliance with relevant laws and regulations. The decision to dismiss the company secretary should be deliberated by the entire board.

II. Role of Non-Executive Directors:

- Non-executive directors are expected to provide impartial and objective assessments on matters concerning strategic direction, operational performance, resource allocation, pivotal personnel selections, and ethical guidelines.
- Non-executive directors should be appointed for designated durations, and reappointment should not be assumed.
- Non-executive directors should be chosen through a formal selection procedure, with both the process and their appointment being the responsibility of the entire board.

III. Executive directors:

- Directors' tenure agreements should not surpass a duration of three years without the consent of shareholders.
- There ought to be comprehensive and transparent divulgence of the complete remuneration packages of the directors, as well as that of the chairman and the highest-earning director in the UK, encompassing pension contributions and stock options.
- The compensation of executive directors should be determined based on the suggestions put forth by a remuneration committee consisting predominantly of non-executive directors.

IV. Reporting and Controls :

- It is incumbent upon the board to provide a comprehensive and comprehensible evaluation of the company's standing.
- The board must ensure that a dispassionate and expert rapport is upheld with the auditors.
- The board ought to institute an audit committee comprised of a minimum of three non-executive directors, complete with detailed terms of reference outlining its authority and responsibilities.

¹²¹ Ibid, The Cadbury Report 1992, p 13.

¹²² Ibid, p 57,58,59.

CHAPTER ONE : CORPORATE GOVERNANCE

- The directors are required to clarify their accountability for the preparation of the financial statements in conjunction with a declaration from the auditors regarding their obligations in reporting.
- The directors are required to provide a report on the efficacy of the organization's internal control framework.
- The directors are required to affirm that the business is operating as a going concern, providing any necessary supporting assumptions or qualifications.

⇒ **Corporate Governance principles of the OECD:**

Originally released in 1999 and later updated in 2004, the OECD, in disseminating its principles of corporate governance, considered the perspectives of numerous nations regarding the definition of effective Corporate Governance.¹²³

The G20/OECD Principles of Corporate Governance assist policymakers in assessing and enhancing the legal, regulatory, and institutional structure for corporate governance, aiming to bolster economic efficiency, promote sustainable growth, and ensure financial stability.¹²⁴

The OECD delineates the fundamental components of effective Corporate Governance.¹²⁵

I. Ensuring the basis for an effective corporate governance framework:

The corporate governance framework should enhance the transparency and efficiency of markets, adhere to the principles of the rule of law, and clearly delineate the allocation of duties among various supervisory, regulatory, and enforcement entities.

II. The rights of shareholders and key ownership functions:

The corporate governance structure should safeguard and enable the exercise of shareholders' entitlements.

III. The Equitable Treatment of Shareholders :

The corporate governance structure must guarantee fair treatment for all shareholders, including minority and foreign shareholders. Each shareholder should have access to proper avenues for seeking redress in cases of rights violations.

IV. The role of stakeholders in corporate governance:

The corporate governance framework should acknowledge the rights of stakeholders as defined by legislation or contractual arrangements, and foster collaborative efforts between companies and stakeholders to generate prosperity, employment opportunities, and ensure the longevity of economically viable businesses.

¹²³ Ibid, Fellag Nourredine & Zerrouki Brahim, p 16.

¹²⁴ Ibid, OECD 2015, p 3.

¹²⁵ OECD 2004, OECD Principal of Corporate Governance, OECD Publishing Paris, p 17,18,20,21,22,24.

CHAPTER ONE : CORPORATE GOVERNANCE

V. *Disclosure and transparency:*

The corporate governance framework must guarantee the prompt and precise disclosure of all significant matters pertaining to the corporation, encompassing the financial status, performance, ownership, and governance of the company.

VI. *The responsibilities of the board:*

The corporate governance framework should guarantee the strategic direction of the company, oversee management effectively through the board, and hold the board accountable to both the company and its shareholders.

⇒ **Corporate Governance Principles according to ISO 26000:**

ISO 26000 offers comprehensive social responsibility guidelines applicable to various entities, such as corporations, multinational corporations, governmental and non-governmental organizations, as well as small and medium enterprises. In light of the ever-evolving business landscape, characterized by a shift towards radical transparency, organizations and stakeholders are growingly cognizant of the imperative for ethical and environmentally conscious practices. Thus, ISO 26000 serves as a pertinent and timely resource to assist organizations in comprehending the essence of social responsibility and the necessary steps to conduct operations in a socially accountable manner.¹²⁶ The guide encapsulates the following principles:¹²⁷

I. *Accountability:*

Accountability entails a responsibility for management to be accountable to the governing interests of the organization and for the organization to be accountable to legal authorities in relation to laws and regulations. Additionally, accountability for the broader consequences of its decisions and actions on society and the environment suggests that the organization's accountability to those impacted by its decisions and actions, as well as to society as a whole, fluctuates based on the nature of the impact and the context.

II. *Transparency:*

An organization is obligated to transparently, accurately, and comprehensively disclose its policies, decisions, and activities for which it bears responsibility, along with their known and anticipated effects on society and the environment. This information must be easily accessible, directly available, and understandable to individuals who have been or may be significantly impacted by the organization. It should be timely, based on facts, and presented in a clear and unbiased manner to empower stakeholders to effectively evaluate how the organization's decisions and actions influence their interests.

¹²⁶ Gouranga Chandra Debnath, Md.Kamruzzaman Dibar, Implementation of 7 Core Principles of ISO 26000 (CSR) in Bangladesh: A case Study on Grameenphone, Daffodil International University Journal of business and Economics, Vol 9, No 1, June 2015, p 176.

¹²⁷ ISO 26000 (2010), Guidance on Social Responsibility, Published in Switzerland, first edition, 01/11/2010, p 10-13.

CHAPTER ONE : CORPORATE GOVERNANCE

III. *Ethical behavior:*

An organization's conduct should be grounded in the principles of veracity, fairness, and probity. These principles encompass a consideration for individuals, fauna, and the ecosystem, as well as a dedication to evaluating the repercussions of its operations and choices on the concerns of stakeholders.

IV. *Respect the interests of stakeholders:*

While an organization's goals may primarily align with the desires of its shareholders, members, clients, or supporters, it is crucial to recognize that there are other parties with legitimate rights, demands, or particular interests that deserve consideration. Together, these individuals or groups form the collective body of stakeholders within the organization.

V. *Respect the rule of law:*

Within the realm of social responsibility, adherence to the rule of law entails that an entity adheres to all relevant laws and regulations. This necessitates a proactive approach to staying informed about pertinent laws and regulations, as well as ensuring that all members of the organization are aware of their duty to comply and actively enforce such measures.

VI. *Respect international ethical standards:*

An organization should uphold international standards of conduct, while also honoring the principle of adherence to the rule of law.

VII. *Respect human rights:*

An organization should uphold human rights and acknowledge their paramount significance and universal nature.

1.5.2 Corporate Governance mechanisms:

Corporate governance encompasses a series of mechanisms within a corporation that influence the parameters taken into account by managers when making decisions. These mechanisms serve to restrict the discretionary power of those in authority. As a result, corporate governance is concerned with establishing appropriate mechanisms for policy design, monitoring their implementation, understanding their consequences, as well as overseeing the internal audit of the company's systems and management in a manner that is advantageous to shareholders and stakeholders alike.¹²⁸

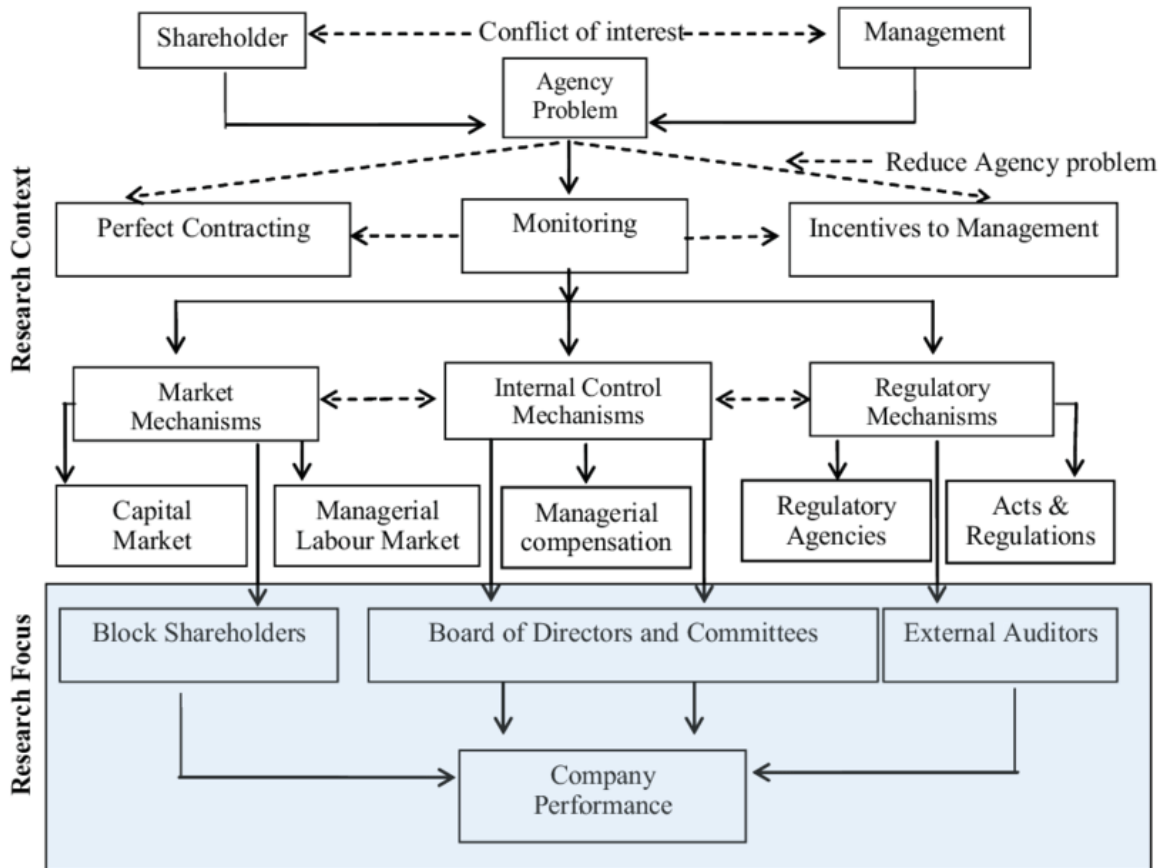
Azim (2012) categorizes monitoring mechanisms into three overarching groups: market-based, internal monitoring, and regulatory oversight.¹²⁹

¹²⁸ Ibid, Ismail M.Romi et al, p 64.

¹²⁹ Ibid, Mohamed I Azim, p 4.

CHAPTER ONE : CORPORATE GOVERNANCE

Figure N 2.15: Monitoring mechanisms classification (Azim 2012).



Source: Mohamed I Azim, Corporate governance mechanisms and their impact on company performance: A structural equation model analysis, Australian Journal of Management 1-25, August 2012, p 4.

Charreaux's (2009) classification surpasses Azim's (2012) classification in terms of comprehensiveness, as it categorizes monitoring mechanisms based on two distinct criteria: specificity and intent, thus enabling a clear distinction between them.¹³⁰

Specific mechanisms: Each system put in place by the organization to restrict managerial autonomy.

Non-specific mechanism: Each mechanism designed to affect the decision-making of managers within a particular subset of companies or across the entire spectrum of companies.

Intentional mechanisms: All mechanisms procured from the company.

Spontaneous mechanisms: All mechanisms acquired from the marketplace.

¹³⁰ عبد المجيد كموش، مرجع سابق، ص 27.

CHAPTER ONE : CORPORATE GOVERNANCE

The convergence of specificity/non-specificity and spontaneity/intentionality criteria results in the development of an analysis framework to examine the morphology of governance systems from a dual-functional and collaborative viewpoint.¹³¹

Table N 2.4: classification of monitoring mechanisms (Charreaux 2009).

	Intentional mechanisms	Spontaneous mechanisms
Specific mechanism	<ul style="list-style-type: none"> • Shareholders's Direct control (General Meeting) • The Board of Directors and internal committees of the company • Wages and rewards systems • Internal auditors • Syndicate (internal) 	<ul style="list-style-type: none"> • Mutual control between managers • Company culture • Relationships with customers, suppliers, workers • Company reputation (compliance with obligations)
Non-specific mechanism	<ul style="list-style-type: none"> • Legal and regulatory environment (corporate law, labor law, bankruptcy law) • National unions • External auditors • Consumer associations 	<ul style="list-style-type: none"> • Goods and services market and labor market • Financial markets, brokers and lenders • Social environment • Business culture and media environment

Source: Ibid, Gérard Charreaux, p 08.

It is evident from the table if there are four primary pillars of corporate governance that collectively serve as cohesive entities to uphold the efficacy of the corporate governance framework. These pillars include:¹³²

Specific intentional mechanisms:

Array of mechanisms established by the organization operating within the regulatory framework, aimed at overseeing managerial conduct and constraining their autonomy.

a) Shareholders monitoring:

The ownership structure serves as a powerful tool for overseeing management executives, as it establishes the foundation for an effective monitoring system under specific circumstances (such as

¹³¹ Gérard Charreaux, "La convergence des systèmes nationaux de gouvernance : une perspective contingente", Cahier du Centre de recherche en Finance, Architecture et Gouvernance des Organisations N° 1090701, Juillet 2009, P 07.

¹³² عبد المجيد كموش، مرجع سابق، ص 28.

CHAPTER ONE : CORPORATE GOVERNANCE

concentrated capital and shareholder characteristics). This system provides incentives for controllers to fulfill their duties and ensures cost efficiency.¹³³

Accordingly, shareholder monitoring can be categorized into two primary groups: internal monitoring conducted by executive and non-executive directors, and external monitoring carried out by significant outside shareholders, also known as block shareholders.¹³⁴

- Monitoring by the insiders:

Numerous studies posit that the ownership of stocks by senior executives and board members provides them with a motivation to guarantee the efficient operation of the company.¹³⁵ Drymiotis (2007) contend that the alignment of board and management interests can be enhanced when management possesses a stake in the company.¹³⁶ Morck et al. (1988), McConnell and Servaes (1990), and Hermalin and Weisbach (1991) delved into the correlation between ownership structure and firm value, revealing a substantial non-linear connection between corporate value and managerial ownership. In particular, the value escalates alongside managerial stakes at lower ownership levels.¹³⁷ Furthermore, substantial managerial ownership has the potential to mitigate conflicts of interest and address issues related to information asymmetry. Consequently, companies with a significant level of managerial ownership are more inclined to proactively disclose additional information.¹³⁸

On the contrary, managers reach a point where they establish a strong presence within the company by proving their worth to shareholders and becoming difficult to substitute.¹³⁹ In this context, Hachana (2008) posits that there exists an inverse correlation between managerial entrenchment and corporate value, particularly within family-controlled enterprises.¹⁴⁰

- Monitoring by the outsiders:

The most effective method to synchronize cash flow and control rights of external investors is through the consolidation of share ownership. This may entail one or multiple investors holding significant minority ownership interests, such as 10 or 20 percent.¹⁴¹ This allows a business to uphold its optimal

¹³³ Sana Triki Damak, The corporate governance mechanisms: evidence from Tunisian banks, IOSR Journal of Business and Management, Volume 9, Issue 6 (Mar. - Apr. 2013), p 63.

¹³⁴ Ibid, Mohamed L Azim, p 05.

¹³⁵ Mohammad Azim, Role of Monitoring within A Good Corporate Governance Structure : Evidence From Australia, Corporate Board: Role, Duties & Composition, Volume 5, Issue 3, 2009, p 19.

¹³⁶ George Drymiotis, The monitoring role of insiders, Journal of Accounting and Economics, 44, 2007, p 373.

¹³⁷ Ibid, Mohammad Azim, Role of Monitoring within A Good Corporate Governance Structure : Evidence From Australia, p 19.

¹³⁸ Munirah Dzaraly Norziana Lokman , Sarina Othman, Corporate Governance Mechanisms and voluntary disclosure of strategic and forward looking information in annual reports, International Journal of Accounting, Finance and Business, Volume 3, Issue 15, December 2018, p 92.

¹³⁹ Andrei Shleifer, Robert W. Vishny, Management Entrenchment: The case of manager-specific investments, Journal of Financial Economics 25, October 1989, p 123. Available at: <https://www.sciencedirect.com/science/article/pii/0304405X89900998>

¹⁴⁰ Rim Hachana, Management Entrenchment and Performance: case of tunisian firms, Corporate Ownership and control, volume 5, Issue 3, 2008, p 426. Available at: <https://www.researchgate.net/publication/287536063>

¹⁴¹ Ibid, Andrei Shleifer, Robert W. Vishny, A Survey of Corporate Governance, p 754.

CHAPTER ONE : CORPORATE GOVERNANCE

monitoring and controlling system to enhance the overall performance of all business operations.¹⁴² Furthermore, significant shareholders can prove advantageous in mitigating the issue of free-riders in acquisitions or in confronting external raiders, consequently raising the acquisition premium.¹⁴³

However, within firms characterized by high ownership concentration, blockholders actively seek to intercede in and guide corporate management, resulting in diminished information accessibility for other shareholders. These blockholders wield disproportionate influence over management decisions, leveraging this power to secure advantages that are prejudicial to alternative sources of capital. Furthermore, various scholarly inquiries have identified an adverse association between the degree of ownership concentration and the extent of transparency in corporate disclosure (Cooke, 1989; Chau and Gray, 2002; Haniffa and Cooke, 2002; Barako et al., 2006; Huafang and Jianguo, 2007; Patelli and Prencipe, 2007; Tsamenyi, et al., 2007).¹⁴⁴

b) The board of directors :

The theoretical function of the board in overseeing and regulating management is firmly rooted in the agency framework established by Fama and Jensen (1983).¹⁴⁵ In this context, it is posited that a crucial governance mechanism in both large and small organizations is a board of directors, tasked with addressing the agency dilemma stemming from the division of ownership and control.¹⁴⁶

The board is comprised of executive directors, who are integral members of the management team, as well as nonexecutive directors, who are external to the organization.¹⁴⁷

They possess greater authority and responsibility within the business firm, overseeing and managing all management activities to uphold business performance and protect the interests of stakeholders.¹⁴⁸ Overall, the board of directors is primarily responsible for four key tasks:¹⁴⁹

- The acting:
 - It embodies the viewpoints of all stakeholders involved. Ensure that these parties receive their desired outcomes promptly and effectively.
- Leadership and decision-making:
 - Prioritize overarching objectives over immediate or short-range goals.

¹⁴² Nidhi Sharma, Corporate Governance Mechanisms in India, International Journal of Advance: Research and Development, Volume 2, Issue 5, 2017, p 134.

¹⁴³ Mike Burkart, Denis Gromb, Fausto Panunzi, Large Shareholders, Monitoring, and The value, The Quarterly Journal of Economics, August 1997, p 695.

¹⁴⁴ . Pankaj M Madhani, Ownership Concentration, Corporate Governance and Disclosure Practices: A Study of Firms Listed in Bombay Stock Exchange, The IUP Journal of Corporate Governance, Vol. 15, No. 4, 2016, pp. 2-3.

¹⁴⁵ Ibid, Mohammed L Azim, Corporate governance mechanisms and their impact on company performance: A structural equation model analysis, p 5.

¹⁴⁶ Enya He, David W. Sommer, Separation of Ownership and Control: Implications for Board Composition, The Journal of Risk and Insurance, Vol. 77, No. 2, 2010, p 265.

¹⁴⁷ Ibid, Oliver Hart, p 681.

¹⁴⁸ Ibid, Nidhi Sharma, p 134.

¹⁴⁹ دليل افضل الممارسات : مجالس الادارة في المؤسسات الحكومية، ديوان المحاسبة بدولة الامارات العربية المتحدة، منشورات معهد "حوكمة"، سبتمبر 2009، ص7.

CHAPTER ONE : CORPORATE GOVERNANCE

- Make significant decisions rather than unfavorable ones.
- Take responsibility:
 - It is incumbent upon all parties and stakeholders, not solely the employees, to uphold this responsibility. It directly impacts the company's performance.
- Communication and disclosure:
 - The board ought to establish a comprehensive communication protocol regarding the information that necessitates disclosure, as well as the appropriate recipients of said information.

An empirical analysis of board characteristics and company performance centers around the following criteria.¹⁵⁰:

Board size:

The corporate governance literature presents conflicting views regarding the correlation between board size and corporate performance. The number of directors on a board is a significant variable, yet there is no consensus in the literature regarding the impact of board size on enhancing a firm's performance.¹⁵¹. The essential question to address is: How many directors should comprise the board? There is no set figure. If the number is too small, it may restrict the range of skills and experience necessary for the company to prosper. Furthermore, robust deliberation on strategic decisions may be inhibited. Conversely, a large number of directors can result in increased bureaucracy and hinder the ability to reach consensus and make decisions. Generally, managing productive and constructive discussions becomes challenging when the number of directors exceeds 12; smaller boards tend to be more efficient and effective. The key is to strike a balance between effectiveness and compliance with legal requirements. In most developed countries with dispersed ownership, boards typically consist of 7 to 11 members.¹⁵².

Board structure:

Board compositions and protocols exhibit diversity not only within individual countries but also across different nations. Certain countries adopt a dual-board system, wherein the supervisory duties are assigned to one board and the management responsibilities to another. This arrangement commonly consists of a "supervisory board" comprised of non-executive members and a "management board" consisting solely of executives. Conversely, other countries opt for a unitary board structure, which amalgamates both executive and non-executive members. Furthermore, in some jurisdictions, there exists an additional regulatory body specifically designated for audit functions.¹⁵³. For instance, Australia, Belgium, Ghana, Hong Kong, Ireland, Japan, Singapore, South

¹⁵⁰ Ibid, Mohammed L Azim, Corporate governance mechanisms and their impact on company performance: A structural equation model analysis, p 5.

¹⁵¹ Palaniappan G, Determinants of Corporate Financial performance relating to Board characteristics of Corporate Governance in India manufacturing industry, European Journal of Management and Business Economics, Vol 26, Issue 1, 2017, p 71.

¹⁵² مركز المشروعات الدولية الخاصة (cipe)، المنتدى العالمي لحوكمة الشركات، تشجيع حوكمة الشركات في الشرق الأوسط و شمال إفريقيا تجارب و حلول، فبراير 2011، ص 60.

¹⁵³ Ibid, OECD (2015), p 45.

CHAPTER ONE : CORPORATE GOVERNANCE

Africa, South Korea, Sweden, United Kingdom, and the USA adhere to the one-tier board structure. Conversely, Austria, Germany, Indonesia, the Netherlands, Poland, and Russia follow the two-tier board structure. Companies in France, Luxembourg, and Portugal have the option to select between the one-tier and two-tier board structures. In contrast, a board of directors and the general meeting of shareholders oversee listed companies in Brazil, Finland, and Switzerland. Additionally, a board of directors and an executive office govern Brazilian listed companies, with the possibility of establishing a fiscal board that functions as a supervisory body rather than a managerial entity.¹⁵⁴

Board Committees:

Board committees constitute an integral component of the board of directors, tasked with executing specific duties delegated by the board. The legal framework established by the company, contingent upon the jurisdiction's laws and regulations governs the formation and operation of board committees. The necessity of mandating the establishment of such committees within a firm is contingent upon the governing laws and regulations of the respective country.¹⁵⁵ The quantity, magnitude, and categories of committees should be tailored to the requirements of the organization, as expansive corporate boards frequently encompass nomination, compensation, and audit committees'.¹⁵⁶ Many corporations also maintain specialized boards focused on strategic planning, internal governance, corporate social responsibility, ethical standards, scientific advancements, technological innovations, and risk management.¹⁵⁷

- Nomination committee:¹⁵⁸

The ASX (2019) recommendation 2.1 stipulates that a listed entity's board should establish a nomination committee comprising a minimum of three members, with a majority being independent directors. Additionally, the committee should be led by an independent director. The entity must also disclose the committee's charter, the composition of its members, and, at the conclusion of each reporting period, the frequency of committee meetings and the attendance records of each member at those meetings.

The primary function of the nomination committee typically involves assessing and providing suggestions to the board with regard to:

- ✓ Enhancing board succession planning overall.
- ✓ Induction and ongoing professional development initiatives for directors.
- ✓ The establishment and execution of a procedure for assessing the efficacy of the board, its committees, and directors.
- ✓ The procedure for appointing a new director involves assessing the harmony of skills, expertise, background, autonomy, and inclusivity within the board. Subsequent to this assessment, a comprehensive outline detailing the responsibilities and qualifications necessary for a specific selection is developed.

¹⁵⁴ Willem J L Calkoen, *The Corporate Governance Review*, tenth edition, May 2020.

¹⁵⁵ *Ibid*, Nidhi Sharma, p 134.

¹⁵⁶ مركز المشروعات الدولية الخاصة (cipe) 2011، مرجع سابق ، ص 64.

¹⁵⁷ Didier Martin, *Corporate Governance in France*, *Corporate Governance Review*, 10th edition, May 2020, UK, p 80.

¹⁵⁸ ASX (2019) *Corporate Governance Council, Corporate Governance Principales and Recommendations*, 4th edition, p 12.

CHAPTER ONE : CORPORATE GOVERNANCE

- ✓ The nomination and reconfirmation of board members.
- ✓ Ensuring the implementation of strategies to effectively handle the succession of the Chief Executive Officer and other high-ranking executives.
- Remuneration committee:

ASX (2019) recommendation 8.1 stipulates that the board of a listed entity should establish a remuneration committee comprised of a minimum of three members, with a majority being independent directors. This committee should be led by an independent director and is required to disclose the committee's charter, its members, as well as the frequency of meetings held during each reporting period and the attendance record of each member at said meetings.¹⁵⁹

The primary responsibilities of the remuneration committee encompass:¹⁶⁰

- ✓ To assess policies and procedures and offer suggestions to the board regarding the compensation, hiring, retention, and dismissal of board members, the Chief Executive Officer, and top-level managers.
- ✓ To ensure the company provides appropriate disclosures to the market concerning compensation.
- ✓ To oversee the approval of the compensation report.
- ✓ Retirement savings plans.
- ✓ Suggestions regarding compensation based on gender.
- Audit committee:

The ASX (2019) recommendation 4.1 stipulates that a listed entity's board should establish an audit committee comprised of a minimum of three members, all of whom must be non-executive directors, with a majority being independent directors. The committee should be led by an independent director who is not also the board chair. Furthermore, the entity should disclose the committee's charter, the qualifications and experience of its members, and, for each reporting period, the frequency of committee meetings and the attendance records of its members.¹⁶¹

The primary responsibilities of the audit committee encompass:¹⁶²

- ✓ To guarantee the sufficiency and soundness of the company's financial reporting mechanisms;
- ✓ To oversee and assess the effectiveness of internal accounting controls.
- ✓ To assess and approve the audit strategy.
- ✓ To supervise the selection, conduct, and autonomy of the external auditor..
- Risks committee:¹⁶³

The ASX (2019) recommendation 7.1 states that the board of a listed entity should establish a committee or committees dedicated to managing risks, each comprising a minimum of three members, with a majority being independent directors. The committee should be led by an

¹⁵⁹ Ibid, ASX (2019), p 29.

¹⁶⁰ Australian Institute of Company Directors 28/07/2020 Available at : http://aicd.companydirectors.com.au/resources/all-sectors/roles-duties-and-responsibilities/role-of-board-committees?no_redirect=true

¹⁶¹ Ibid, ASX (2019), p 19.

¹⁶² Ibid, Australian Institute of Company Directors.

¹⁶³ Ibid, ASX (2019), p 26.

CHAPTER ONE : CORPORATE GOVERNANCE

independent director and disclose the committee's charter, its members, and, for each reporting period, the frequency of committee meetings and the attendance of each member at those meetings.

The role of a risk committee is usually to:

- ✓ Oversee management's adherence to the organization's risk management structure, ensuring compliance with the risk tolerance established by the board of directors.
- ✓ Examine any instances of fraudulent activity or failures in the organization's risk management protocols, and analyze the key takeaways from these incidents.
- ✓ Receive feedback from internal audit regarding its assessments of the effectiveness of the organization's risk management protocols.
- ✓ Receive regular updates from upper management regarding new and emerging risk sources, as well as the risk management strategies and mitigation measures implemented to address these risks.
- ✓ Provide suggestions to the board regarding modifications that should be implemented to the entity's risk management framework or the risk appetite established by the board.
- ✓ Manage the organization's insurance program, taking into consideration the organization's operations and the insurable risks inherent in its business activities.

Board meetings:

Board meetings should be distinct from management meetings, as they address different business matters and serve different purposes. Even in cases where the company is led by executive managers, it is advisable to create separate meeting agendas for the board and management. This approach enables the board to concentrate on strategic oversight rather than becoming overwhelmed by the multitude of management issues that may arise.¹⁶⁴

There are various expenses linked to board meetings, including executive time, travel costs, and directors' compensation. In the event of a company's underperformance, it may opt to decrease the frequency of board meetings in order to mitigate these expenses. Jensen (1993) also highlighted that the time spent in meetings may not always be utilized for meaningful discussions among directors. As a result, the organization may seek to economize on meeting costs by reducing the number of board meetings. Conversely, companies experiencing poor performance might increase the frequency of meetings to address pertinent issues such as the root causes of their underperformance and devise strategies for enhancing their performance. When directors convene regularly, they are more inclined to delve into critical matters and effectively oversee management, thereby executing their responsibilities with enhanced synergy.¹⁶⁵

The Chairman of the Board is tasked with overseeing meetings in a proficient manner, ensuring that meeting protocols and agendas are established in accordance with the board's directives. The following examples illustrate the typical format for board meetings:

- ✓ The Chairman is presiding over the agenda outlining the topics to be addressed.
- ✓ The Chairman disseminates the agenda and any pertinent documents in advance of the meeting to apprise the managers of the upcoming issues.

¹⁶⁴ مركز المشروعات الدولية الخاصة (cipe) 2011، مرجع سابق، ص 62.

¹⁶⁵ Ibid, Palaniappan G, p 72.

CHAPTER ONE : CORPORATE GOVERNANCE

- ✓ The deliberations are documented in a formal record, which should accurately capture the subjects deliberated upon. It is imperative to record all resolutions made, including any contrasting viewpoints expressed. Additionally, the record should encompass any assignments assigned by the commission and the deadlines established for their fulfillment.
- ✓ Progress should be evaluated in accordance with the pre-established plans and budgets to ensure that the board fulfills its obligations.¹⁶⁶.

Board independence (importance of outside directors as monitors of managers):

An autonomous director is an individual who remains impartial from the management team and is devoid of any affiliations or connections that may impede the unbiased decision-making process or the capacity to act in the optimal interest of a publicly traded corporation.¹⁶⁷. Hence, the ASX Corporate Governance Principles (2019), OECD Principles of Corporate Governance (2015), and the Cadbury Report (1992) all advocate for the independence of board members, emphasizing the separation of the board chair and the CEO roles within an organization.¹⁶⁸.

According to Fama and Jensen (1983), the efficacy of board oversight is heightened by the inclusion of external members, as these individuals possess motives to carry out their monitoring duties diligently and avoid engaging in collusion with managers to exploit residual claimants. Their motivation stems from the desire to cultivate reputations as authorities in decision-making governance.¹⁶⁹. The study conducted by Ben Soltane (2009) demonstrated the advantageous nature of board independence. It was found that microfinance boards with a higher percentage of unaffiliated directors tend to yield superior outcomes.¹⁷⁰.

c) Wages and rewards systems :

Employees' remuneration pertains to the recompense received by employees in return for their contributions to the corporate entity. Employee compensations typically represent a significant portion of expenses for any corporate entity.¹⁷¹

In contemporary literature, compensation is not merely an expense incurred by a company to secure the workforce needed to fulfill its objectives. It also serves as a strategic tool for aligning employees with the company's strategy in order to gain a competitive edge over rivals.¹⁷²

According to Kessler (2015) and Dessler (2017), a compensation system comprises two primary components: direct financial rewards (wages, salaries, incentives, profits, commissions, and bonuses)

¹⁶⁶ مركز المشروعات الدولية الخاصة (cipe) 2011، مرجع سابق، ص 63.

¹⁶⁷ Ibid, Munirah Dzaraly et al, p 92.

¹⁶⁸ Ibid, Cadbury 1992, p 13, OCED 2015, p 50, ASX 2019, p 15.

¹⁶⁹ Ibid, Enya He, David W. Sommer, p 269.

¹⁷⁰ Ben Soltane Bassem, Governance and performance of microfinance institutions in Mediterranean countries, Journal of Business Economics and Management, Volume 10, Issue 1, 2009, p 42. Available at: <https://doi.org/10.3846/1611-1699.2009.10.31-43>

¹⁷¹ Adeusi Amos Sunday and other, CORPORATE GOVERNANCE AND EMPLOYEES' COMPENSATION: MODERATING EFFECT OF FIRM VALUE, AE-FUNAI JOURNAL OF ACCOUNTING, BUSINESS AND FINANCE(FJABAF), VOL.4, NO.1 JUNE. 2019, p 96. Available at: <https://www.researchgate.net/publication/341520883>

¹⁷² Trevor, J. (2008). Can Compensation be Strategic? A Review of Compensation Management Practice in Leading Multinational Firms (Working Paper Series 03/2008). University of Cambridge. Retrieved from https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/workingpapers/wp0803.pdf

CHAPTER ONE : CORPORATE GOVERNANCE

and indirect financial perks. Pynes (2013) observed that the compensation system should be tailored to attract, inspire, and retain skilled employees. Stachova, Stacho, and Bartakova (2015) concluded that crafting an appropriate compensation system hinges on recognizing that it will empower employees to achieve both their personal and organizational objectives. Hence, the foundation of a compensation system should be rooted in the strategic agenda, mission, and vision of a company. Aswathappa (2017) asserted that the compensation strategy should align with the company's overarching policies.¹⁷³

The focus on executive remuneration packages varies across different countries, and the effectiveness of performance-based compensation depends on the availability of alternative monitoring measures. In countries like Japan and Germany, executive salaries are generally lower compared to the US and UK. This discrepancy may be attributed to the closer relationship between major shareholders and managers in insider systems. In such governance structures, managerial discretion is limited, and there are fewer information gaps between managers and owners. Kole (1997) presents empirical data to support this notion, showing that the presence of a family member in management or on the board of directors in Fortune 500 firms in 1980 significantly reduces the likelihood of implementing equity-based compensation plans. Conyon and Leech (1993) also observe that director compensation is lower in companies with higher ownership concentration or under owner control. Moreover, the prevalence of long-term contracts in Japan, combined with the practice of internal promotions for managers, suggests that reputation alone can serve as a sufficient deterrent to managerial misconduct without the need for explicit incentive agreements. Hence, it is not surprising that executive compensation tends to be lower in insider systems like Germany and Japan compared to the US and UK.¹⁷⁴

d) Internal auditors :

Due to the financial scandals that have plagued numerous global financial institutions, the significance of internal auditing has been on the rise as a crucial tool and function that aids these companies. Its pivotal role in establishing and maintaining internal controls within the organization underscores the essential nature of internal auditing in establishing a robust internal control system.¹⁷⁵ Otherwise, effective corporate governance cannot be achieved without robust support for both the audit committee and internal audit function. Internal auditing serves as an independent, objective assurance and consulting service aimed at enhancing organizational operations. Its purpose is to facilitate the achievement of organizational goals by implementing a methodical, rigorous approach to assess and enhance the efficiency of risk management, control, and governance procedures.¹⁷⁶

To enhance the quality of internal audits, the Institute of Internal Auditors in the United States of America (IIA) has implemented internal audit standards encompassing two categories: attribute

¹⁷³ Stamatios Ntanos, Georgios Sidiropoulos, Evangelia Triantafyllou, Miltiadis Chalikias and Grigorios L. Kyriakopoulos (2020). Remuneration and reward systems during an economic crisis: case study from Attica region, Greece. *Problems and Perspectives in Management*, 18(2), 261-276, p 263. Retrived at: [10.21511/ppm.18\(2\).2020.22](https://doi.org/10.21511/ppm.18(2).2020.22)

¹⁷⁴ Ibid, OECD 1999, *Corporate Governance : Effects On Firm Performance and Economic Growth*, p 41.

¹⁷⁵ Omar Fareed Shaqqour, *The Corporate Governance Mechanisms and the Internal Audit Quality*, *International Journal of Managerial Studies and Research (IJMSR)*, Volume 5, Issue 2, February 2017, P 82.

¹⁷⁶ Amr Yassin, *The role of The Internal Audit... Corporate Governance Principles*, *The Excutive revue*, April-June 2008, p 26.

CHAPTER ONE : CORPORATE GOVERNANCE

standards focusing on the characteristics of entities and individuals conducting internal audits, and performance standards centering on the nature of internal audit activities. Additionally, the institute has devised metrics to assess and gauge the effectiveness of these activities..¹⁷⁷

Attribute Standards concern the traits of entities and individuals providing internal audit services :

✓ *Purpose, Authority, and Responsibility*

–The objectives, jurisdiction, and obligations of the internal audit function must be officially outlined in a charter that aligns with the Standards and is endorsed by the board of directors.

✓ *Independence and Objectivity*

– The internal audit function must maintain independence, with internal auditors demonstrating objectivity in the execution of their duties.

✓ *Proficiency and Due professional Care*

–Engagements should be executed with expertise and meticulous attention to detail.

✓ *Quality Assurance and Improvement Program*

– The chief audit executive must establish and uphold a comprehensive quality assurance and enhancement program that encompasses all facets of the internal audit function and consistently evaluates its efficiency.

Performance Standards describe internal audit activities and criteria for evaluation of their performance :

✓ *Managing the Internal Audit Activity*

– The principal audit executive must proficiently oversee the internal audit function to guarantee its contribution of value to the organization.

✓ *Nature of Work*

– The internal audit function assesses and enhances risk management, control, and governance frameworks.

✓ *Engagement Planning*

– Internal auditors are required to formulate and document a strategic plan for every audit assignment.

✓ *Performing the Engagement*

– Internal auditors must proficiently identify, scrutinize, assess, and document ample information to fulfill the objectives of the engagement.

✓ *Communicating Results*

–Internal auditors should expeditiously communicate the findings of the audit engagement.

✓ *Monitoring Progress*

– The principal audit officer must establish and uphold a framework to oversee the outcome of findings conveyed to the executive team.

✓ *Management's Acceptance of Risks*

¹⁷⁷ The Institute of Internal Auditors, (2009), Available on line: www.theiia.org

CHAPTER ONE : CORPORATE GOVERNANCE

– If the chief audit executive deems that senior management has embraced an unacceptable level of residual risk for the organization, it is imperative for the chief audit executive to engage in a discussion with senior management. Should no resolution be reached regarding the issue of residual risk, it is advisable for both the chief audit executive and senior management to escalate the matter to the board for a final resolution..¹⁷⁸

Non-specific Intentional mechanisms:

These mechanisms are implemented by regulatory bodies or institutions tasked with overseeing and managing the actions of companies, making them applicable not to a specific company, but rather to some, many, or all companies operating within a business environment..¹⁷⁹

e) Legal and regulatory environment (corporate law, labor law, bankruptcy law):

It pertains to the overall investment environment in the country, encompassing the legal framework governing economic activities. These encompass general statutes overseeing economic activities, such as the Companies Act, Securities Market Regulations, Stock Exchange Regulations, monetary and fiscal legislation, laws pertaining to the establishment of private banks, as well as the enhancement and modernization of banks in general, alongside regulations on competition, prevention of monopolies, bankruptcy, insurance oversight, arbitration, and statutes governing the accounting and auditing profession. Furthermore, there are numerous other laws that vary from one country to another..¹⁸⁰

Regulation has traditionally been designed to strike a delicate balance between ensuring adequate protection for shareholders while also allowing investors to take on risks according to their own discretion. This necessitates a framework that underscores the importance of providing reliable and comprehensive information, enabling investors to make well-informed investment decisions. For instance, regulatory frameworks have historically focused on disseminating information to investors and promoting equality in terms of access to information. To achieve this, disclosure requirements are stringent, with a strong emphasis placed on safeguarding shareholder rights. Detailed regulations prohibit groups of shareholders from communicating and exchanging information amongst themselves without making such information available to all shareholders. Furthermore, the legal framework upholds the rights of shareholders to oversee the company, with the board and management explicitly being held accountable to shareholders in many instances. In theory, shareholders possess the authority (through their voting rights) to elect board members and vote on critical company matters. However, in reality, the fragmented nature of ownership poses a significant obstacle to the effective exercise of such control..¹⁸¹

f) National Unions:

Labor unions hold a crucial position in advocating for the welfare of employees and safeguarding their rights. Following the official recognition of labor unions to represent employees as stipulated in union acts such as the National Labor Relations Act (NLRA) of 1935 in the United States, the sway

¹⁷⁸ Ibid, The role of The Internal Audit... Corporate Governance Principles, pp 26-27.

¹⁷⁹ عبد المجيد كموش، مرجع سابق، ص 28.

¹⁸⁰ مديحة بخوش، تطبيقات الحوكمة في الاقتصاديات الناشئة دراسة حالة التجربة التركية، مجلة دراسات متقدمة في المالية والمحاسبة، مجلد 2، العدد الأول، جانفي 2019، ص 115.

¹⁸¹ Ibid, OECD 1999, Corporate Governance : Effects On Firm Performance and Economic Growth, pp 17-18.

CHAPTER ONE : CORPORATE GOVERNANCE

of unions over managerial decisions has surged significantly. The impact of labor unions on the productivity and profitability of companies cannot be overstated. Furthermore, labor unions can either generate favorable or unfavorable publicity for their respective firms during collective bargaining negotiations, leading to a substantial impact on the overall value of the organization. For instance, according to a report by the Seoul Economy Daily in Korea, data from the Motors Industry Association revealed that over the past five years, Hyundai Motors and Kia Motors suffered a loss of 11,890 trillion won (equivalent to USD 10,809 million at an exchange rate of 1100) due to reduced production during union strikes, jeopardizing their sustainability.¹⁸²

g) External Auditors:

Auditing plays a critical role in a capitalist economy centered around corporations with shares that confer control rights and limited liability, thus establishing a clear divide between corporate control and residual ownership. The presence of an impartial examiner is essential to safeguard the accuracy of information provided to shareholders and debt holders who are not actively involved in the company's operations.¹⁸³ External auditors play a critical role in overseeing corporate operations by offering impartial and expert assurance services regarding financial reporting.¹⁸⁴ This service mitigates the disparity in information between financial information users and providers. Recognizing the crucial role external auditors play in diminishing information asymmetry.¹⁸⁵ A significant challenge to auditor independence, as highlighted in academic research, arises from the simultaneous offering of both audit and non-audit services. While this practice may enhance the skill level and efficiency of audit firms, it can also compromise the independence of the auditor, whether in reality or in perception. The threat to independence based on revenue is indicated by a correlation between audit fees and non-audit services.¹⁸⁶

h) Consumer association:

Internationally, there is a lack of consensus regarding the precise definition of a consumer association. Broadly speaking, consumer associations, also referred to as consumer organizations or consumer groups, are recognized as non-governmental organizations within civil society that advocate for the interests of consumers and protect their rights in the marketplace. While they typically operate on a non-profit basis and maintain a significant degree of autonomy from governmental authorities and commercial entities, they may receive financial support from government entities or other agencies.

In 1928, the Consumers Union was established in the United States of America, marking the inception of the first contemporary consumer association dedicated to evaluating similar products across various brands. Furthermore, they regularly published their findings. This innovative approach of independent publications, coupled with comprehensive technical evaluations of consumer goods,

¹⁸² Connolly, R.A.; Hirsch, B.T.; Hirschey, M. Union Rent Seeking, Intangible Capital, and Market Value of the Firm. *Rev. Econ. Stat.* 1986, 68, 567–577.

¹⁸³ Hillison, W. & Kennelley, M. 1988. The Economics of Nonaudit Services. *Accounting Horizons*, 2, (3), 32–41.

¹⁸⁴ Rodgers, W.; Guiral, A.; Gonzalo, J.A. Trusting/detrusting Auditors' Opinions. *Sustainability* 2019, 11, 1666.

¹⁸⁵ Eun Jung Cho, Ju Ryum Chung, Ho-Young Lee, The Role of Labor Unions in Corporate Transparency: Focusing on the Role of Governance in Auditor Change Process, *Sustainability* 2019, 11, 2643, p 01. Available on: www.mdpi.com/journal/sustainability

¹⁸⁶ *Ibid*, Mohammad Azim, ROLE OF MONITORING WITHIN A GOOD CORPORATE GOVERNANCE STRUCTURE: EVIDENCE FROM AUSTRALIA, *Corporate Board: Role, Duties & Composition / Volume 5, Issue 3, 2009*, p 20.

CHAPTER ONE : CORPORATE GOVERNANCE

proved to be remarkably successful in North America, subsequently being adopted worldwide. For instance, the Consumers Association of the United Kingdom of Great Britain and Northern Ireland received initial financial support from their counterparts in North America. Both organizations experienced substantial growth on both sides of the Atlantic throughout the 1950s, attracting large memberships through their rigorous product testing procedures.¹⁸⁷

In 1960, multiple organizations in the United States and Europe united to establish the International Organization of Consumers Union, known as IOCU, which served as the precursor to the current CI. Concurrently, organized consumer movements emerged in Southeast Asia during the same era. Notable examples include: (1) Consumers' Federated Groups of the Philippines, founded in 1963; (2) Selangor Consumers' Association, established in 1965; (3) Consumers' Association of Penang, founded in 1969; (4) Consumer Association of Singapore, established in 1971; and (5) Indonesian Consumers' Organization, formed in 1973.¹⁸⁸

In the 1980s, consumer advocacy groups started to surface in various Latin American countries, starting with Brazil, Uruguay, and Argentina.¹⁸⁹ Notably, consumer associations in the MENA region experienced a surge in the 1990s. Consequently, numerous national consumer protection laws were introduced during this era and are still developing to this day. For example, the inception of the first consumer association in Algeria dates back to 1978, preceding the formulation of the appropriate legal structure. Similarly, consumer protection associations in Morocco have demonstrated significant involvement, following a comparable trajectory. Presently, there are around 100 of these associations in Morocco, primarily organized into three regional confederations.¹⁹⁰

By the year 2010, there existed more than 3,250 consumer associations at the national level, in addition to 156,000 local ones, resulting in a total of around 12.5 million consumer grievances.¹⁹¹

The UNCTAD Manual on Consumer Protection encapsulates the function of consumer associations as:¹⁹²

- i. Offering unbiased information (including test or survey findings) on goods and services, along with educational initiatives to empower consumers in making well-informed decisions and practicing responsible consumption.
- ii. Coordinating advocacy efforts on particular issues to empower consumers to collectively express their opinions and showcase their influence. This can range from orchestrating parliamentary lobbies and synchronized media campaigns to petition/epistle initiatives, as well as boycotts and mass gatherings.;

¹⁸⁷ UNCTAD (2020) : UNCTAD MENA PROGRAMME : Report On Consumer Associations , p 03.

¹⁸⁸ Ibid, p 04.

¹⁸⁹ Sánchez Legrán, Paco and Paco Luis Murillo, 2011, *El Movimiento de Defensa de los Consumidores en América Latina y el Caribe*, Fundación FACUA para la Cooperación Internacional y el Consumo Sostenible, Seville: Spain, p. 31. Retrieved from https://www.fundacionfacua.org/documentos/libro_america_latina.pdf

¹⁹⁰ UNCTAD, 2018, *Voluntary Peer Review of Consumer Protection Law and Policy of Morocco*. Retrieved from https://unctad.org/en/PublicationsLibrary/ditccplp2018d1_en.pdf

¹⁹¹ Yu, Y., and R. Simpson, 2013, "International Forum on Justice and Consumer Rights," University of Wuhan, China.

¹⁹² UNCTAD Manual on Consumer Protection, p. 37. See also https://unctad.org/en/PublicationsLibrary/ditccplmisc2016d1_en.pdf

CHAPTER ONE : CORPORATE GOVERNANCE

- iii. Assisting with and addressing individual consumer grievances, offering guidance and securing compensation; this could range from involvement in dispute resolution organizations to advocating for consumers through public interest litigation.
- iv. Facilitating discussions with governmental and corporate entities to advocate, persuade, or negotiate in the best interest of consumers. This may involve arranging workshops and seminars focused on specific topics to showcase differing perspectives to policymakers, corporations, and the media.
- v. Advocating for consumer perspectives in formal committees, such as those convened by regulatory bodies and investigations into the financial services crisis of 2011.
- vi. Carrying out surveys and research to analyze challenges encountered by consumers, such as the effects of governmental regulations on consumers, and presenting the results to consumers, policymakers, and the press.

Specific Spontaneous mechanisms:

The company does not have dominion over the emergence of such mechanisms, thus their manifestation differs from one company to another, in accordance with the nature of the prevailing relationships.

i) Mutual control between managers:

Public corporations are overseen by a cadre of executives. The Chief Executive Officer, the primary executive in command, has traditionally garnered the most attention in academic literature, as well as from investors, the media, and regulators. Nevertheless, other members of the executive team are likely to fulfill pivotal roles within the organization. Senior executives are instrumental in shaping investment, financial, and dividend policies. They represent a valuable pool of talent when considering potential successors for the CEO role. They actively engage with other team members in the decision-making process. Additionally, they have the potential to act as reciprocal monitors. Reciprocal monitoring within a well-structured hierarchy can help alleviate the agency problem. Scholars such as Alchian and Demsetz (1972), Jensen and Meckling (1976), Fama (1980), and Fama and Jensen (1983) have all emphasized the importance of reciprocal monitoring as a key control mechanism.¹⁹³

j) Company culture:

An ethical culture is established when a collective set of ethical principles is embraced by all members of an organization, rather than being solely reliant on a single manager responsible for ethical matters within the company. This plays a crucial role in shaping what is known as ethical behavior in corporate governance. The primary factor to take into account is the individuals who can effectively implement this culture. We believe that this responsibility falls on the corporate governance board as

¹⁹³ Zhichuan (Frank) Li, Mutual Monitoring and Corporate Governance, A Dissertation Presented in Partial Fulfillment of the Requirements for the Degree Doctor of Philosophy, ARIZONA STATE UNIVERSITY, May 2012, p 01.

CHAPTER ONE : CORPORATE GOVERNANCE

a whole, with a special emphasis on the CEO, as the ethical behavior demonstrated by these individuals serves as a guiding light for other members of the organization.¹⁹⁴

k) Relationships with customers, suppliers, workers

Stakeholders are entities or individuals who possess the ability to significantly influence or significantly affected by the activities of an organization. Historically, particularly within the United States, the focus in management has been primarily on internal stakeholders, such as employees, as opposed to external stakeholders. This approach involved defining organizational boundaries around the individuals and groups directly under the supervisory control of managers. The underlying assumption in establishing these organizational boundaries was that external stakeholders could not effectively controlled in the traditional managerial sense, as they were not part of the managerial hierarchy. Nevertheless, various developments have led to a blurring of the distinction between internal and external stakeholders concerning managerial methodologies and principles.¹⁹⁵

Here we present various strategies employed to collaborate with external stakeholders, along with recent case studies from multiple companies.

- Customers:

Proactive strategies for managing key clientele encompass collaborative planning sessions to pinpoint industry trends, joint initiatives for product and market development, improved communication channels, shared facilities, as well as joint training and service initiatives.(other examples are found in Table 4).

Efforts aimed at enhancing connections with clientele often yield substantial advantages. For instance, sales representatives at U.S. Surgical provide guidance and mentorship to surgeons during operations regarding the utilization of the company's tools. Interactions with surgeons have resulted in the creation of laparoscopic instruments, which utilized for procedures conducted through small incisions. U.S. Surgical currently dominates around 85 percent of the laparoscopic instruments market, which projected to reach \$3 billion by 1996. Caterpillar, a manufacturer of heavy machinery, plans to establish a mutually shared information system that will link its thirty production facilities with clients and suppliers. Through collaborative communication, Caterpillar will be able to enhance customer service and facilitate the transmission of crucial information and orders to suppliers. Lastly, IBM collaborated with Sears, an unexpected consumer of its PC hardware and software, to establish the Prodigy service network. Sears brought its market analysis capabilities and a vision to develop electronic retailing capabilities, while IBM contributed its vast knowledge in home computers.¹⁹⁶

¹⁹⁴ Juan Llopisa , M. Reyes Gonzaleza, Jose L. Gascoa, CORPORATE GOVERNANCE AND ORGANIZATIONAL CULTURE. THE ROLE OF ETHICS OFFICERS, Department of Business Organization. University of Alicante, p 11.

¹⁹⁵ Harrison, Jeffrey S and Caron H St. John, Managing and partnering with external Stakeholders, Academy of Management Executive, Vol. 10 No. 2, 1996, p 47. Available at <https://journals.aom.org/doi/10.5465/AME.1996.9606161554>

¹⁹⁶ J. Reese, "Getting Hot Ideas from Customers," Fortune, May 18, 1992, 86; F.K. Sonnenberg, "Relationship Management is More than Wining and Dining," Journal of Business Strategy, May/June 1988, 60-63; B. Bremner, "Can Caterpillar Inch its Way Back to Heftier Profits?" Business Week, September 17, 1989, 75-78; R. Stutzman, "Budget Constraints and a New Global Attitude is Creating Some Unusual Corporate Partnerships," The Orlando Sentinel, April 10, 1994, D-2.

CHAPTER ONE : CORPORATE GOVERNANCE

- Suppliers

Numerous companies engage strategically vital suppliers in product and process design, quality training sessions, and online production scheduling. For instance, Digital Equipment Corporation (DEC) and Hewlett-Packard involve suppliers in their product planning teams. DEC also requires managers to assess suppliers as if they were an integral part of the internal organization. Bailey Controls, a manufacturer of control systems generating \$300 million annually, takes it a step further by offering Arrow Electronics, a key supplier, a warehouse within a Bailey factory. G&F Industries, a producer of plastic components, has assigned an employee exclusively to Bose, one of its major clients. This employee works full-time at the Bose facility.¹⁹⁷

- Competitors

Rivals present a challenging issue in stakeholder management as it may be advantageous for one competitor to undermine another. Nonetheless, in order to address the accelerating pace of product and process obsolescence and to gain an edge in adopting emerging technologies, competitors are increasingly collaborating. Adversarial entities are uniting to establish partnerships aimed at technological progress and the creation of new products, expanding into new or international markets, and exploring various other prospects. The primary motivation appears to be to hinder unaffiliated companies in the competitive landscape.

Very few global rivalries rival the intensity of the competition between film giants Kodak and Fuji. Therefore, it came as a surprise to many analysts when Kodak and Fuji embarked on a collaborative research and development initiative with three prominent Japanese camera manufacturers to set a new benchmark for photographic film. Eugene Glazer, an analyst at Dean Witter Reynolds, elucidated, "Fuji must be provided access to the same cutting-edge technology. Excluding Fuji would likely result in significant opposition from the company against the implementation of a novel system." In a similar vein, in the realm of computer chip manufacturing, IBM entered into a strategic partnership with its competitors Toshiba Corp. of Japan and Siemens AG of Germany to pioneer a sophisticated line of memory chips tailored for the computers of the forthcoming century. Furthermore, Apple and its longstanding adversary IBM have also joined forces to innovate new computer chips and software solutions.

Keiretsu, strategic alliances, and joint ventures present exceptional opportunities for rivals to collaborate towards shared objectives. Although keiretsu are often criticized for engaging in collusion and other practices that diminish competition, they can also result in increased efficiency for keiretsu members. In order to maintain competitiveness on a global scale, American companies are starting to embrace cooperative practices similar to keiretsu in areas such as research, design, financing, production, and marketing. Some competing businesses are now cross-selling and providing maintenance services for each other's products. An illustrative case is IBM, which has begun offering Novell's network software. Furthermore, competitors are pooling their resources to enter markets

¹⁹⁷ 2 R.M. Kanter, "The New Managerial Work," Harvard Business Review, November/December 1989, 85-92; E. Schonfeld, "The New Golden Rule of Business," Fortune, February 21, 1994, 60-64; F.R. Bleakley, "Some Companies Let Suppliers Work on Site and Even Place Orders," Wall Street Journal, January 13, 1995, A1, A6.

CHAPTER ONE : CORPORATE GOVERNANCE

currently dominated by larger adversaries. For instance, a consortium of pharmacies established a company that integrates independent and chain drugstores in an effort to capture a share of the managed prescription drug programs market, which is presently controlled by Merck and McKesson's PCS Health Systems.

The pharmacy trade group example illustrates the significance of strategically determining when to engage in collaborative or collective endeavors. Collective actions are deemed appropriate in scenarios where various stakeholders, such as governmental bodies, advocacy organizations, labor unions, and local communities, impact multiple firms concurrently. Participating in collective activities involves becoming a member of trade associations, chambers of commerce, and industry and labor councils. Companies align themselves with these associations to gain access to valuable information and to enhance their legitimacy, acceptance, and influence. For instance, the seven Baby Bells recently formed a political coalition to secure permission to compete with AT&T in the realm of long-distance services and equipment. Certain trade associations, like the U.S. League of Savings Institutions, have effectively influenced and at times even reshaped regulations prior to their enactment into law.

- Government Agencies and Administrators

Due to the convergence of goals between business entities and governmental bodies, numerous organizations establish partnerships with government agencies and officials to pursue a diverse array of objectives. Such collaborations between governments and businesses are particularly prevalent internationally, where governments often take on a more proactive role in fostering economic growth. An exemplary instance of this dynamic is the establishment of Airbus Industrie, a major aerospace corporation jointly owned by aerospace firms from Britain, France, Germany, and Spain. Concerned about potential Russian dominance in the global aluminum market, the U.S. Department of Justice facilitated the formation of a cartel among aluminum manufacturers, comprising industry and government representatives from seventeen countries. This coalition, which included three antitrust attorneys from the DOJ, convened in Brussels to allocate aluminum production quotas and determine the pricing of aluminum.¹⁹⁸

- Local Communities

Organizations play an integral role in their local communities for a multitude of reasons. Developing strong connections with local communities and governmental bodies can lead to advantageous local regulations or tax incentives. The Kiamichi Railroad Company of Oklahoma and Texas serves as a prime example of how fostering positive relationships with the community can revitalize a struggling business. When Burlington-Northern divested itself of the unprofitable railroad in 1987, workers, concerned about losing their well-compensated union positions, opposed the sale and incited discord among local residents. However, under new management, the community dynamic was transformed through initiatives such as establishing a service organization, sourcing from local vendors, backing a rodeo event, and actively participating in the United Way. These endeavors were part of a comprehensive revitalization strategy that obviated the necessity for a union and positioned the

¹⁹⁸ E. Norton and M. DuBois, "Don't Call it a Cartel, but World Aluminum has Forged New Order," Wall Street Journal, June 9, 1994, A1, A5.

CHAPTER ONE : CORPORATE GOVERNANCE

company in a robust financial position. As a result, the company is now experiencing growth and profitability.¹⁹⁹

Other entities identify avenues to fulfill financial goals while also meeting the needs of the community. An example of this is Creative Apparel of Waldo.

The county in Maine revitalized a struggling local economy by forging a collaboration with a nearby Native American tribe. They implemented a comprehensive training program and secured a grant from the Department of Commerce to support the development of a state-of-the-art manufacturing facility. Subsequently, in 1990, Creative Apparel was granted a lucrative \$2.95 million contract by the Department of Defense for the production of flame retardant flyer jackets.

Semi-public partnerships between municipal authorities and industry magnates are thriving in various regions of the United States. The Economic Development Commission of Mid-Florida, Inc., oversees the interests of four counties in central Florida. The Commission collaborates with governmental and corporate figures to devise economic strategies and ventures. Recent projects include formulating an economic action blueprint for Osceola County, endorsing an industrial estate, linking companies that vend products with international firms that purchase them, and exploring opportunities for repurposing the Orlando Naval Training Center, one of several military installations the Navy has opted to vacate. The Commission is well-funded, with a total of \$425,000 in grants from state and local governments. Martin Marietta, which recently merged with Lockheed (another conglomerate with a notable presence in Central Florida), is one of the firms that has forged an alliance with the Commission to safeguard jobs, curtail operational expenses, and stimulate fresh commercial activities in the central Florida region. Rick Tesch, the Commission's leader, articulates its accomplishments in the following manner, "We have demonstrated the efficacy of such partnerships. By expediting the permitting process, helping reduce operational expenses, and aiding in securing state funding and incentives, we were able to cement Martin's foothold in metropolitan Orlando and bring an additional 1,500 employment opportunities to our community."²⁰⁰

- Activist Groups

Activist groups are often perceived in an antagonistic role towards other organizational stakeholders. While this adversarial position is prevalent, it can be altered. Nevertheless, it is challenging for adversaries to shift patterns and collaborate towards shared objectives. To foster a mutually beneficial relationship with activist groups, executives should explore the potential advantages of engaging in partnerships, particularly when an activist group holds strategic importance. One of the most effective ways to mitigate unfavorable industry regulations is to align operational practices with societal values. Companies that align with the prevailing viewpoints of public interest groups on issues like pollution, equitable hiring practices, safety, and waste management can operate without the need for regulatory oversight.. They are in the advantageous position of resolving their own issues, rather than

¹⁹⁹ "Kiamichi Railroad Company, Inc.," *Strengthening America's Competitiveness: The Blue Chip Enterprise Initiative* (Warner Books on behalf of the Connecticut Mutual Life Insurance Company and the U.S. Chamber of Commerce, 1991), 132.

²⁰⁰ B. Kuhn, "Business Growth on the Rise: Central Florida Faces Good News, Bad News Scenario," *The Orlando Sentinel*, January 10, 1994, 24; J. DeSimone, "A Boost for Business," *The Orlando Sentinel*, October 31, 1994, 8; A. Millican, "Want New Industry? House It," *The Orlando Sentinel*, October 7, 1994, 1

CHAPTER ONE : CORPORATE GOVERNANCE

being subjected to the directives of a regulatory body composed of individuals lacking substantial experience in the field. Public interest groups play a crucial role in assisting organizations in steering clear of conflicts with societal values, which could lead to negative media coverage and tarnished reputations. These groups possess specialized knowledge in the areas they advocate for. Consequently, numerous companies opt to involve public interest group members in their strategic planning processes, either as consultants or board members. One potential advantage of this involvement is the reduction of obstacles during the execution of strategies. Such groups are less likely to stage protests or seek government interference. This engagement may also lead to positive public relations and increased visibility. For instance, Sun Company (oil) collaborated directly with the Coalition for Environmentally Responsible Economies (CERES) to establish a new policy focusing on health, safety, and the environment. Sun has recently been lauded by Friends of the Earth, as an exemplary company that others should emulate. Partnerships with activist groups can also aid companies in developing innovative products. The growing societal emphasis on environmental preservation has prompted companies to swiftly introduce eco-friendly products. Notable examples include McDonald's recent shift back to paper packaging and Rubbermaid's recent promotion of its environmentally conscious Sidekick lunch box.

- Unions

Unions are making significant progress in aligning their objectives with those of management. The AFL-CIO recently made a groundbreaking move by encouraging the 86 unions under its umbrella to "collaborate with management in enhancing productivity."²⁰¹

Labor unions have established collaborative partnerships in select companies that have achieved remarkable success through initiatives like self-directed work teams. Xerox, for instance, has introduced three teamwork initiatives since 1982 involving its 6,200 copier assemblers, who are represented by the Amalgamated Clothing and Textile Workers Union (ACTWU). The outcomes have been so favorable that Xerox is relocating 300 positions from overseas to a novel facility in Utica, anticipating annual savings of \$2 million. Xerox actively engages in sharing confidential financial reports with union leaders and offers executive training sessions to enhance their managerial skills. In reflecting on the accomplishments of these programs, CEO Paul Allair emphasized, "I hesitate to suggest that unions are indispensable, particularly in the traditional confrontational sense. However, embracing a collaborative framework will ensure the enduring presence of the union movement, fostering greater competitiveness within the respective industries."²⁰²

Enterprises that excel in labor-management interactions often incorporate labor union representatives into their boards of directors and engage them in strategic decision-making processes. In 1993, LTV Corp. entered into an agreement with the United Steel Workers (USW) wherein the union gained the privilege to nominate a board member in exchange for endorsing teams and other productivity initiatives. Similarly, Scott Paper Co. established a joint committee in 1990 that consisted of 10 of its senior executives and 10 high-ranking union officials. They committed to collaborating harmoniously

²⁰¹ A. Bernstein, "Why America Needs Unions but Not the Kind It Has Now," *Business Week*, May 23, 1994, 70-82.

²⁰² *Ibid.*, 71.

CHAPTER ONE : CORPORATE GOVERNANCE

to address the interests of employees, customers, shareholders, the union, and the wider community.
203

Table N 2.5: Tactics for Managing and Partnering with External Stakeholders

Stakeholder	Stakeholder Management Tactics	Stakeholder Partnering Tactics
Customer	Customer service departments Marketing research Advertising On-site visits 800 Numbers Long-term contract Product/service development Market development	Customer involvement on design teams Customer involvement in product testing Joint planning sessions Enhanced communication linkages Joint training/service programs Sharing of facilities Financial investments in customer Appointment to board of directors
Suppliers	Purchasing departments Encourage competition among suppliers Sponsor new suppliers Threat of vertical integration Long-term contracts	Supplier involvement on design teams Integration of ordering system with manufacturing (i.e., Just-in-Time Inventory) Joint information systems jointly developing new products and applications Coordinated quality control (i.e., T.M.) Simultaneous production
Competitors	Product and service differentiation Technological advances Innovation Speed Price cutting Market segmentation	Kieretsu* Joint ventures for research and development Joint ventures for market development Collective lobbying efforts Informal price leadership or collusion*

²⁰³ Harrison, Jeffrey S and Caron H St. John, Ibid, p 57

CHAPTER ONE : CORPORATE GOVERNANCE

	Intelligence systems Corporate espionage*	Industry panels to deal with labor and other problems Mergers (horizontal integration)
Government Agencies/ Administrators	Legal departments Tax departments Government relations departments Individual firm lobbying efforts Campaign contributions Individual firm political action committees Self-regulation Personal gifts to politicians*	Consortia on international trade and competitiveness Jointly or government-sponsored research Joint ventures to work on social problems such as crime and pollution Joint foreign development projects Panels on product safety Appointment of retired government officials to the board of directors Participation in government-sponsored initiatives
Local Communities/ Governments	Community relations offices Public relations advertising Involvement in community service/politics Local purchases of supplies Employment of local workers Donations to local government Donations to local charities Gifts to local government officials*	Task forces to solve skilled-labor shortages Joint urban renewal programs Cooperative training programs Development committees/boards Employment programs for workers with special needs such as the handicapped organizations Joint education programs
Activist Groups	International programs to satisfy demands Public/political relations efforts to offset or protect from negative publicity Financial donations	Consultation with members on sensitive issues Joint ventures for research/research consortia Appointment of group representatives to board of directors Jointly sponsored public relations efforts
Unions	Avoid unions through high levels of employee satisfaction Contract Avoid unions by thwarting attempts to organize* Hiring of professional negotiators Public relations advertising Chapter XI protection	Mutually satisfactory (win-win) labor contracts Contract clauses that link pay to performance (i.e., profit sharing) Joint committees on safety and other issues of concern to employees Employee development programs Joint industry/labor panels

CHAPTER ONE : CORPORATE GOVERNANCE

		Labor leaders appointed to board of directors included in major decisions
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Source: Harrison, Jeffrey S and Caron H St. John, Ibid, p 50.

* These tactics are of questionable ethical acceptability to some internal and external stakeholders in the U.S and elsewhere.

1) Company reputation (compliance with obligations):

As per Fombrun's (1996) research, corporate reputation is comprised of four key attributes: credibility, dependability, accountability, and integrity.²⁰⁴

According to Wiederman and Buxel (2005), a positive corporate reputation facilitates the recruitment of high-quality employees, enhances consumer attraction, fosters consumer loyalty, and can serve as a competitive advantage and facilitate access to capital.²⁰⁵

A company's ability to thrive and advance is heavily dependent on its reputation. The central focus of corporate governance should be the enhancement and safeguarding of the company's reputation.²⁰⁶ Kitchen and Laurence (2003) have demonstrated the interconnectedness between the reputation of a CEO and the reputation of a company.²⁰⁷

A strong reputation cannot be upheld without the backing of internal organizational support. According to Argenti and Druckenmiller (2004), corporate reputation is the culmination of all stakeholders' perceptions, cultivated over time and shaped by the company's identity, performance, and behavior.²⁰⁸ The authors posit that organizations acknowledge the importance of corporate reputation in attaining business objectives and in upholding a competitive advantage.²⁰⁹

The corporate reputation is a vital component of a company's assets, which also include tangible property, workforce, social capital (relationships with suppliers, consumers, local community, and regulatory institutions), and environmental resources (energy, material resources, clean water, air, and local environment).²¹⁰

We refer to a positive reputation when consumers show a preference for a company's products and services over those of competitors offering similar prices and quality. A strong reputation is essential for garnering support from stakeholders in the face of competition, and plays a crucial role in

²⁰⁴ Fombrun, C. J. 1996. Reputation, realizing value from corporate image. Boston, ma: Harvard Business School Press.

²⁰⁵ Wiederman, K. P., and H. Buxel. 2005. Corporate reputation management in Germany: Results of an empirical study. *Corporate Reputation Review* 8 (2): 145–163.

²⁰⁶ Cedomir Ljubojevic' and Gordana Ljubojevic 2008, Building Corporate Reputation through Corporate Governance, management 3 (3): 221–233

²⁰⁷ Kitchen, P. J., and A. Laurence. 2003. Corporate reputation: An eight country analysis. *Corporate Reputation Review* 2 (4): 363–381.

²⁰⁸ Argenti, P. A., and B. Druckenmiller. 2004. Reputation and the control brand. *Corporate Reputation Review* 6 (4): 368–374.

²⁰⁹ Cedomir Ljubojevic' and Gordana Ljubojevic, Ibid, p 222

²¹⁰ Cedomir Ljubojevic' and Gordana Ljubojevic, Ibid, p 222

Harrison, K. 2007. Why a good corporate reputation is important to your organization. <http://jobfunctions.bnet.com/abstract.aspx?scname=Interpersonal+Communication&docid=263774>

CHAPTER ONE : CORPORATE GOVERNANCE

determining an organization's value on financial markets. Despite being intangible, research indicates that reputation serves as a sustainable competitive advantage.

Corporate reputation can be broken down into various key components that heavily influence its overall perception. These components include the company's ethical standards, treatment of employees (including the attraction of top talent), financial success, leadership quality, management effectiveness, commitment to social responsibility, consumer focus, product quality, reliability, emotional appeal, and communication strategies.²¹¹

According to Barnett, Jermier, and Lafferty (2006), corporate reputation encompasses fundamental elements such as identity and quality. Identity is defined as the internal perception of the company's essence by its employees and managers, while image refers to the external perception of the company. The reputation of a corporation can be observed in the domain of awareness, which includes image and perceptions, and it involves the general awareness of stakeholders without any judgments. In the realm of evaluation, there are criteria that indicate stakeholders play a role in assessing the company's standing, including their expectations and opinions. Ultimately, reputation is regarded as an asset, as it is considered valuable and essential for a company.²¹²

Non-specific Spontaneous mechanisms :

These mechanisms affect all companies due to the interplay of market forces.

a) Goods and services market and labor market:

- The labor market for managers

This market functions as an efficient mechanism of oversight by emphasizing the significance of human capital in leadership. Managers are consistently under the scrutiny of the labor market, which serves as a platform for identifying the most competent individuals through the rivalry that occurs between external and internal managers.²¹³

- The Market of Goods and Services:

Competition is a significant factor influencing business operations. If the products and services offered by a business are not well-received by society, it is inevitable that their business will begin to decline, potentially resulting in a decrease in profitability. Therefore, companies must conduct regular research and surveys to align their resources with market demands.²¹⁴

b) Financial markets:

While the correlation between company performance and stock price is evident, the mechanism of market pricing itself is not ideal for effective corporate governance. A decrease in stock value alone is not enough to hold managers accountable; shareholders and other stakeholders must take action. In cases where there are substantial shareholders or institutional investors with majority ownership, there are clear incentives for intervention. A shareholder with a significant stake (e.g. 10%) has a strong

²¹¹ Cedomir Ljubojevic' and Gordana Ljubojevic, Ibid, p

²¹² Barnett, L. M., M. J. Jermier, and A. B. Lafferty. 2006. Corporate reputation: The definitional landscape. *Corporate Reputation Review* 9 (1):26–38.

²¹³ Ibid, Sana Triki Damak, p 64.

²¹⁴ Ibid, Nidhi Sharma, p 134.

CHAPTER ONE : CORPORATE GOVERNANCE

motivation to oversee management's actions and intervene if performance is subpar. According to Shleifer and Vishny (1986), these large shareholders are considered "monitors" who can enforce managerial discipline and, if necessary, facilitate the removal of underperforming executives through voting rights.

However, the research outcomes in the literature are inconclusive. Bethel et al. (1998) suggest that the acquisition of substantial shares by activist investors results in enhanced firm and share price performance. Conversely, Jarrell and Poulsen (1987) as well as Brickley et al. (1988) indicate that institutional ownership correlates with a higher likelihood of dissidents prevailing in proxy contests and a reduced likelihood of adopting antitakeover proposals. On the contrary, Black (1998) asserts, after reviewing the literature on institutional investors, that institutional activism has minimal impact on firm performance or actions. Holderness and Sheehan (1988) along with Mehran (1995) discover no significant connection between firm value or performance and the external blockholdings of individual, institutional, or corporate investors. Hennessey (2005) concludes that when a group of institutional shareholders each possess a substantial yet minor stake in a company (ranging from 1% to 5%), there is minimal advantage in terms of superior company performance.

An explanation for these conflicting findings may be attributed to the limited number of institutional investors who possess more than 10% of a company's ordinary shares. This is a result of the disclosure obligations that are triggered once this ownership threshold is met. For institutional shareholders with small ownership stakes, the motivation to take action is diminished. The reluctance of institutional investors to intervene in efforts to enhance company performance may be a confluence of three factors. Initially, due to their minimal ownership stake, these investors may perceive that any action taken will not yield a significant impact on the overall portfolio returns of the institution. Secondly, these investors may deem that the potential increase in returns from intervention is not commensurate with the time and effort required. Lastly, the issue of free-riding may lead to a scenario where each institution delays taking action in the hope that another entity will step in.²¹⁵

c) Social environment:

Corporate governance can encompass an additional external dimension. This dimension does not fall within the categories of being horizontal or vertical, nor does it solely involve managing relationships between owners and managers. Instead, it pertains to governing the firm in a manner that ensures its legitimacy within society.

The legitimacy aspect is primarily influenced by external parties: society expects the company to organize its governing bodies in a manner that aligns with certain public policy objectives. However, the scope of legitimacy concerns can extend beyond this. For instance, one could consider the issue of corporate governance from an organizational perspective, focusing on ways to inspire and maintain a dynamic yet efficient team.

This dimension varies in significance across different countries, being more prominent in some and less so in others. While often overlooked in academic economic literature, it is thoroughly examined in management literature. One example of this is the involvement of employees in corporate

²¹⁵ Sean M. Hennessey, CORPORATE GOVERNANCE MECHANISMS FOR PUBLICLY-TRADED COMPANIES, Corporate Ownership & Control / Volume 5, Issue 4, Summer 2008, p 132.

CHAPTER ONE : CORPORATE GOVERNANCE

governance. Traditionally, employees are viewed as mere resources or providers of labor that managers utilize to generate sales and profits. Although it is crucial for employees to be compensated fairly and to have a positive perception of their work environment, these aspects are not commonly regarded as central to corporate governance (in terms of aligning the interests of various company stakeholders). In certain countries, however, where social factors and the role of employees hold greater importance, their involvement is formalized, as seen in the German codetermination model, where employees are represented within the board of directors. In a broader sense, the role of employees in decision-making can be either technical, involving participation in operational improvements, or strategic, granting employees the authority to contribute to decisions on key corporate management matters such as investment strategies and profit distribution.

The external aspect of corporate governance acknowledges that a business entity is not only an economic entity but also a social entity. By involving employees in various decision-making processes at different levels, not just in technical or operational matters but also in strategic and political aspects where applicable, the company can enhance its effectiveness and profitability. This approach not only benefits the company itself but also serves the interests of the employees, leading to significant positive outcomes in terms of overall motivation and corporate social responsibility.²¹⁶.

d) Business culture and media environment;

The variation in corporate governance structures is frequently attributed to legal and financial theories. Some scholars contend that corporate regulations, and by extension corporate governance frameworks, are shaped by the foundational tenets of the legal systems they are rooted in (such as civil or common law).²¹⁷ Variations in corporate governance frameworks, particularly ownership structures, are perceived as a result of the foundations of their legal system. This correlation is particularly apparent in the context of British common law or French civil law. It is contended that the historical and cultural underpinnings of a nation's legal system shape its ensuing corporate governance frameworks.²¹⁸.

Following the corporate failures, fraud, and accounting scandals, as well as the Asian Crisis of 2000, corporate governance reforms have emerged as a prominent global issue. Denis and McConnell (2003) have identified certain common trends spanning various jurisdictions.²¹⁹ However, company-specific variables hinder the implementation of widely accepted best practices in corporate governance. Bebchuk and Roe (1999) posit that corporate governance follows a path-dependent trajectory, with the continuity of governance structures being influenced by the initial or historical context of the country.²²⁰ Aguilera and Jackson (2003) argue that the implementation of best

²¹⁶ Jan Urban, *Corporate Governance Mechanisms: Their Strengths, Weaknesses and Complementarity*, Faculty of Corporate Strategy, Okružní 517/10, 37001 České Budějovice, Czech Republic, SHS Web of Conferences 61, 01028 (2019), p 6-7.

²¹⁷ La Porta, R., Lopez de Silanes, F., Shleifer, A., & Vishny, R. (1998). Law and finance. *Journal of Political Economy*, 106(6), 1113-1155.

²¹⁸ Christophe Volonté, *Culture and Corporate Governance: The Influence of Language and Religion in Switzerland*, *Management International Review* ; 55 (2015), 1. - S. 77-118.

²¹⁹ Denis, D. K., & McConnell, J. J. (2003). International corporate governance. *Journal of Financial and Quantitative Analysis*, 38(1), 1-36.

²²⁰ Bebchuk, L. A., & Roe, M. J. (1999). A theory of path dependence in corporate ownership and governance. *Stanford Law Review*, 52(1), 127-170.

CHAPTER ONE : CORPORATE GOVERNANCE

practices results in the development of unique hybrid corporate governance frameworks.²²¹. This advancement is propelled by the transnational engagements of economic entities (e.g., institutional shareholders). Khanna et al. (2006) present evidence suggesting that corporate governance regulations among economically interconnected nations tend to align, however, corporate governance methodologies do not. Consequently, despite globalization contributing to a degree of uniformity in corporate governance criteria, the actual practices vary globally. Furthermore, while the institutional landscape of a nation is significant, it is inadequate in fully elucidating the enduring nature of corporate governance frameworks across the globe.²²².

Corporate governance systems evolve in accordance with their cultural and historical contexts; they also progress in reaction to shareholder compositions and the financial market landscape.²²³. Culture emanates from and influences behaviors and values, thus potentially impacting political systems, the legal framework, societal norms, corporate objectives and values, and subsequently corporate finance and governance.²²⁴.

It is imperative for researchers to incorporate cultural considerations into their examinations of corporate finance and governance.²²⁵. Culture has been scrutinized as a key factor influencing diverse economic outcomes, including its correlation with economic expansion.²²⁶, economic advancement.

²²¹ Aguilera, R. V., & Jackson, G. (2003). The cross national diversity of corporate governance: dimensions and determinants. *Academy of Management Review*, 28(3), 447-465.

²²² Khanna, T., Kogan, J., & Palepu, K. (2006). Globalization and similarities in corporate governance: a cross country analysis. *Review of Economics and Statistics*, 88(1), 69-90.

²²³ Hopt, K. J., & Leyens, P. C. (2004). Board models in Europe recent developments of internal corporate governance structures in Germany, the United Kingdom, France, and Italy. *European Company and Financial Law Review*, 1(2), 135-168.

²²⁴ Lußpold, M., & Schnyder, G. (2009). Horse, cow, sheep, or 'thing in itself'? the cognitive origins of corporate governance in Switzerland, Germany, and the US, 1910s-1930s. Centre for Business Research, University of Cambridge Working Paper No. 383.

²²⁵ Clarke, T., & dela Rama, M. J. (2006). The governance of globalization. In T. Clarke & M. J. dela Rama (Eds.), *Corporate governance and globalization*. London: Sage Publications.

²²⁶ Franke, R. H., Hofstede, G., & Bond, M. H. (1991). Cultural roots of economic performance: a research note. *Strategic Management Journal*, 12(S1), 165-173.

CHAPTER ONE : CORPORATE GOVERNANCE

²²⁷, financial intermediation²²⁸, Global financial movements. ²²⁹, capital structure²³⁰, the firm's choice of entry²³¹, financial development²³², government quality²³³, and life insurance consumption²³⁴.

Several studies examine the role of culture in influencing corporate governance practices, particularly in relation to safeguarding the interests of investors. ²³⁵, board of directors ²³⁶, or mergers and acquisitions ²³⁷. Dyck and Zingales (2004) demonstrate that the safeguarding of minority shareholders, as indicated by the extent of private control benefits, is influenced by cultural norms. Shareholders are apprehensive about potential backlash from the public and damage to their reputation should the media expose unethical shareholder practices. Despite a few noteworthy instances, cultural factors are frequently overlooked in cross-national investigations of corporate governance. ²³⁸.

The assessment of culture poses two primary challenges. Firstly, as culture is typically associated with a country-level context and is frequently assessed alongside other national (institutional) attributes (such as the respective legal framework), it becomes analytically complex to distinguish cultural-specific impacts. Additionally, culture is commonly perceived as a national element, leading to the oversight of intra-country cultural diversity. Secondly, the lack of distinct variables that define culture and are observable further complicates the measurement process.²³⁹.

Buck and Shahrin (2005) explore the impact of national culture on governance structures, focusing on the distinctions between the Anglo-American and Germanic systems. In particular, they analyze the implementation of executive stock option programs in Germany, comparing it to the United States. The introduction of these programs in Germany was uniquely influenced by the local

²²⁷ Glahe, F., & Vohries, F. (1989). Religion, liberty and economic development: an empirical investigation. *Public Choice*, 62(3), 201-215.

²²⁸ Aggarwal, R., & Goodell, J. W. (2010). Financial markets versus institutions in European countries: influence of culture and other national characteristics. *International Business Review*, 19(5), 502-520.

²²⁹ Siegel, J. I., Licht, A. N., & Schwartz, S. H. (2011). Egalitarianism and international investment. *Journal of Financial Economics*, 102(3), 621-642.

²³⁰ Chui, A. C. W., Lloyd, A. E., & Kwok, C. C. Y. (2002). The determination of capital structure: is national culture a missing piece to the puzzle? *Journal of International Business Studies*, 33(1), 99-127.

²³¹ Slangen, A. H. L., & van Tulder, R. J. M. (2009). Cultural distance, political risk, or governance quality? towards a more accurate conceptualization and measurement of external uncertainty in foreign entry mode research. *International Business Review*, 18(3), 276-291.

²³² Beck, T., & Webb, I. (2003). Economic, demographic, and institutional determinants of life insurance consumption across countries. *World Bank Economic Review*, 17(1), 51-88.

²³³ La Porta, R., Lopez de Silanes, F., Shleifer, A., & Vishny, R. (2000). Investor protection and corporate governance. *Journal of Financial Economics*, 58(1-2), 3-27.

²³⁴ Beck, T., & Webb, I. (2003). Economic, demographic, and institutional determinants of life insurance consumption across countries. *World Bank Economic Review*, 17(1), 51-88.

²³⁵ Stulz, R. M., & Williamson, R. (2003). Culture, openness, and finance. *Journal of Financial Economics*, 70(3), 313-349.

²³⁶ Li, J., & Harrison, J. R. (2008). National culture and the composition and leadership structure of boards of directors. *Corporate Governance*, 16(5), 375-385.

²³⁷ Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? a tentative model and examination. *Organization Science*, 19(1), 160-176.

²³⁸ Aguilera, R. V., & Jackson, G. (2010). Comparative and international corporate governance. *Academy of Management Annals*, 4(1), 485-556.

²³⁹ *Ibid*, Christophe Volonté, p. 82.

CHAPTER ONE : CORPORATE GOVERNANCE

institutional environment and the framework of Germanic welfare capitalism.²⁴⁰ Similarly, Yoshikawa et al. (2007) demonstrated that the implementation of certain Anglo-American corporate governance protocols in Japan sparked discussions at both the organizational and institutional levels, ultimately leading Japanese companies to tailor these practices to align with the unique constraints of the country's context.²⁴¹ Both of these case studies elucidate the evolution of governance practices within hybrid systems, showcasing characteristics of path dependence and convergence.²⁴²

²⁴⁰ Buck, T., & Shahrin, A. (2005). The translation of corporate governance changes across national cultures: the case of Germany. *Journal of International Business Studies*, 36(1), 42-61.

²⁴¹ Yoshikawa, T., Tsui Auch, L. S., & McGuire, J. (2007). Corporate governance reform as institutional innovation: the case of Japan. *Organization Science*, 18(6), 973-988.

²⁴² *Ibid*, Christophe Volonté, p 82.

CHAPTER ONE : CORPORATE GOVERNANCE

1.6 Summary:

As per Cochran and Wartick (1988), corporate governance encompasses various facets concerning the principles, theories, and methodologies pertaining to the boards of directors and both executive and non-executive directors. This field primarily focuses on the interactions among boards, shareholders, senior management, regulators, auditors, and other vested parties. In the Algerian Charter of Good Governance, governance is delineated as an administrative ethos, hence, diverse governance systems are evident worldwide. The approach to implementing governance varies across these models, with some nations leaning on internal mechanisms, others on external mechanisms, and yet others on a combination of both.

2.1 Introduction:

Organizations are intricate systems of structured operations orchestrated by individuals who unite to pursue shared objectives. Their resilience and longevity depend on their adept utilization of limited resources towards the achievement of common goals. In order to thrive and expand in a dynamic and demanding environment, organizations must continuously uphold their competitive edge. Their capacity to keep up with competition is directly linked to their adaptability, managerial efficiency, and willingness to embrace change and innovation. Organizational Development (OD) encompasses purposeful initiatives for change and growth, rooted in the understanding that 'Change is Inevitable'. These activities are aimed at addressing and resolving existing or potential organizational issues through systematic examination and intervention. Only organizations that can promptly and accurately identify their challenges can proactively engage in OD efforts aligned with their organizational objectives. ¹

¹ Abdullah Karakaya and Kasim Yilmaz, 9th International Strategic Management Conference: Problem solving approach at organizational development activities: A Research at Karabuk University, Procedia - Social and Behavioral Sciences 99 (2013) 322 – 331, p 332. Available online at www.sciencedirect.com

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

2.2 Theoretical framework

2.2.1 Organization Development Definition:

Organization Development Organization Development has been delineated in various manners, predominantly due to its diverse range of applications and myriad theoretical viewpoints. The ensuing are the recognized elucidations of Organization Development: ²

Organizational Development (OD) Organizational development is a structured form of change within an organization that is intentional and strategic, encompassing all levels of the organization rather than being restricted to specific areas such as management or leadership development.³

“An effort planned organization wide and managed from the top, to increase organizational effectiveness and health through planned interventions in the organizations’ processes using behavioral science knowledge”.⁴

“OD...is a long term effort, led and supported by top management, to improve an organization’s visioning, empowerment, learning, and problem solving processes, through an ongoing, collaborative management of organization culture with special emphasis on the culture of intact work teams and other team configurations - utilizing the consultant-facilitator role and the theory and technology of applied behavioral science including action research”⁵

Organization Development is :” A planned effort led by managers to achieve long-range and organization-wide goals, supported from the top and designed to increase organizational effectiveness through planned interventions in the organization's processes, particularly through a more collaborative management of organizational culture, using the consultant-facilitator role, applied behavioral science theory, with an emphasis on developing human potential and scientific approaches that supplement practical experiences”.⁶

² : Mohammad S. Alhmeidiyeen, Change Management and Organizational Development: A Critical Conceptual Study, Global Journal of Management and Business Research: Administration and Management Volume 19 Issue 10 Version 1.0 Year 2019, p 01.

³ Bradford, D. L. & Burke, W. W. (Eds) (2005). Reinventing organization development: new approaches to change in organizations (The Crisis in OD), 1st ed., SanFrancisco: Pfeiffe, p 10.

⁴ Bekhard Richard (1969) in: , Sandip Gohila, Prakash Deshpandeb, Symbiosis Institute of Management Studies Annual Research Conference (SIMSARC13): A Framework To Map A Practice As Organization Development, Procedia Economics and Finance 11 (2014) 218 – 229, p 220.

⁵ French, W. L. & Bell, C. H. (1999). Organization Development: Behavioral Science Interventions for Organization Improvement, New Jersey: U.S.A. Prentice Hall, p 28.

⁶ Jackson, J.C. (2006). Organization development. Lanham, MD: University Press, p 25.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

OD is “a process by which behavioral science knowledge and practices are used to help organizations achieve greater effectiveness, improved quality of work life, and increased productivity”.⁷

2.2.2 Historical Review of Organization Development :

The initial formulations of organizational development (OD) were grounded in robust positivist orientations rooted in social science research methodologies prevalent in the middle of the twentieth century.⁸ . In most literature on Organizational Development (OD), the focus is typically on definitions originating mainly from the United States, where a significant amount of academic research has been conducted. Before delving into a few of these definitions, it is beneficial to explore the historical origins of what is known as 'classical' OD. OD is commonly perceived as a reaction to the dehumanizing impacts of scientific management practices following World War II. During this time, employees were viewed as mere components in the efficient machinery of bureaucratic organizations. Their work was allocated into small, scientifically monitored tasks by management, often through time and motion studies. Workers lacked autonomy and could be easily terminated for any form of dissent. The humanistic approach of OD emerged as an alternative to the mechanical metaphor of organizations, shifting towards natural analogies of the human body and health. Drawing upon behavioral sciences, it proposed a more effective and compassionate way to organize people, systems, and technology. The fundamental principles of classical OD revolve around embracing new humanistic values, emphasizing training and development, encouraging employee feedback, promoting systems thinking, and advocating for action research..⁹

The intellectual groundwork for Organizational Development (OD) was established in the 1940s through the pioneering work of Kurt Lewin (1948) and his followers. Through their utilization of participatory techniques within small group settings, they observed a significant impact on altering attitudes, enhancing performance, and fostering a deeper dedication to personal initiatives. Subsequently, a number of scholars and researchers in the field of behavioral studies, predominantly from academic circles, delved into this concept to explore its broader applications in effecting organizational change. While some of these academics focused on a "micro" level psychological perspective within OD, others took a

⁷ Gumming and Huse (1989) in : Vosoughi, Mona, "Organizational Development Consulting: A Study of Expert Consultants' Key Strategies" (2014). UNF Graduate Theses and Dissertations, p 23. Available at: <https://digitalcommons.unf.edu/etd/550>

⁸ Robert J. Marshak and David Grant, Organizational Discourse and New Organization Development Practices, *British Journal of Management*, Vol. 19, S7–S19 (2008), p 08.

⁹ Valerie Garrow, *OD: past, present and future*, IES (Institute for Employment Studies) Working Paper: WP22, University of Sussex Campus, UK, January 2009, p 02.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

more macro organizational approach. These divergent paths gradually converged in a harmonious manner by the late 1950s, culminating in the formalization of what we now recognize as OD.

The realm of psychology was illuminated by Abraham Maslow (1954), who espoused the belief in the innate capacity of individuals to strive for "self-actualization," a state more readily attainable in environments characterized by transparency and individual acknowledgment. In tandem with Maslow's ideas, Carl Rogers (1951) presented groundbreaking concepts that revolutionized traditional psychotherapeutic practices. Through his prolific and accessible publications, Rogers promoted the idea that individuals have the ability to alter their behaviors when met with empathetic engagement, characterized by techniques such as active listening and "unconditional positive regard."

The foundation of organizational development was laid by Chris Argyris (1957), emphasizing the importance of empowering individuals with advanced needs within organizations. This perspective was further reinforced by Rensis Likert (1961) and his colleagues at the University of Michigan, who promoted widespread participation across the organization to inspire individuals and enhance overall performance.¹⁰

Additionally contributing to these evolving psychological and organizational frameworks were novel ideologies regarding transformation and managerial guidance. These theorists, expanding upon Lewin's rudimentary yet stimulating concept of transitional stages within compact collectives.—“unfreezing, changing, and refreezing”—The idea of applying these concepts to whole organizations was first introduced in a groundbreaking book edited by Bennis, Benne, and Chin, titled "The Planning of Change" (1969). The majority of the chapters in this book put forth the fundamental principle that organizations could undergo transformation by actively engaging individuals in the process of change. Their focus on fostering increased participation within organizations implied several advantages, including diminished opposition to change, improved assimilation of new practices, superior problem-solving abilities, and the establishment of a culture characterized by transparency.

The aspect of leadership was eloquently portrayed in the theories put forth by Douglas McGregor (1960), wherein he posited that varying leadership styles elicit distinct responses from subordinates. According to McGregor, leadership characterized by a participative and democratic approach, known as "Theory Y," tends to yield more favorable reactions from subordinates. Conversely, leadership rooted in an oppressive and authoritarian stance, referred to as "Theory X," typically elicits highly unfavorable responses.¹¹

A pivotal institution in advocating for Organizational Development was the National Training Laboratories (NTL), established in 1947 under the umbrella of the National Education Association, with training establishments located in Bethel, Maine. The Bethel facility offered training sessions that were fee-based, despite NTL operating as a non-profit organization. The training primarily revolved around the utilization of T-groups, an educational methodology akin to group therapy (albeit the "T" signified

¹⁰ Larry E. Greiner and Thomas G. Cummings (2005), *Reinventing organization development: new approaches to change in organizations (OD: Wanted More Alive Than Dead!)*, 1st ed., San Francisco: Pfeiffe, p 89.

¹¹ Larry E. Greiner and Thomas G. Cummings (2005), *Ibid*, p 90.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

"training" as per its proponents), aimed at fostering self-awareness through unrestricted dialogues within small groups and providing feedback on participants' conduct.¹² The facilitators for these T-groups were typically the original scholars and colleagues of NTL, who received compensation for their guidance. The fundamental principle of these groups was that the origins of behavioural issues resided in an individual's interpretations, beliefs, and emotions regarding their surroundings. Consequently, the resolution could be discovered by adjusting these components through input in a group focused on sensitivity, overseen by a facilitator who adopts a non-directive approach.

Before long, numerous professionals in the corporate sector, comprising of executives and employees who had undergone training at Bethel, started seeking consulting assistance to rejuvenate their companies. They aimed to introduce their executives to Organizational Development (OD) by utilizing T-groups and other varieties of sensitivity training as a strategy to transform and revitalize their organizations. In turn, several consulting companies were established to provide guidance on OD. Among these was Scientific Methods, established by Robert Blake and Jane Mouton, both esteemed innovators associated with NTL. Their significant contribution was the creation of the Managerial Grid.¹³ A more systematic methodology for facilitating interpersonal and leadership development than that provided by T-groups. Blake and Mouton authored numerous publications outlining their organizational development approach, which they effectively promoted to various client organizations. Despite their considerable success in marketing their program, research findings on the efficacy of their methods were inconclusive.¹⁴

In the 1970s, numerous critics started to resist the prevalent utilization of Organizational Development (OD), at times due to envy and at other times due to doubt regarding the anticipated outcomes. OD began to face mounting criticism for its cult-like practices, its imposition of an ethos of transparency within organizations, its insistence on the use of T-groups, and its failure to deliver the intended results. An incendiary piece titled "Red Flags in Organization Development," penned by Larry Greiner in 1972, encapsulated these sentiments.¹⁵ The critique was succinctly outlined and a caution was issued regarding the potential future decline of Organizational Development (OD). As the critics of OD gained traction, significant portions of the field began to diverge into novel pathways, while a few original advocates persisted in their established practices. Consequently, the movement started to wane in its initial fervor, vitality, and supporters.

Organizational Development underwent a profound transformation from 1970 to the present day. It underwent a metamorphosis, giving rise to novel manifestations that appeared to deviate significantly from the traditional essence of OD. Naturally, certain modifications occurred as a result of the continuous development of applied social sciences, where novel concepts and techniques are conceived and

¹² Argyris, (1964) in: Larry E. Greiner and Thomas G. Cummings (2005),Ibid, p 91.

¹³ Blake and Mouton,1964 in: Larry E. Greiner and Thomas G. Cummings (2005),Ibid, p 91.

¹⁴ Blake, Mouton, Barnes, and Greiner, 1964 in: Larry E. Greiner and Thomas G. Cummings (2005),Ibid, p 91.

¹⁵ Larry Greiner (1972) in: Larry E. Greiner and Thomas G. Cummings (2005),Ibid, p 91.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

enhanced. Conversely, there were also unforeseen changes that stemmed from OD's innovative drive to adapt to the evolving challenges faced by organizations within their respective contexts.¹⁶

While the 1950s and 1960s were decades characterized by unified objectives and consistent methodologies in the field of Organization Development (OD), the 1970s introduced a period of conflicting interests. Market pressures necessitated a shift towards a more tool- and technology-oriented approach, emphasizing responsiveness to the practical needs of the business world. Both clients and practitioners believed that interventions in organization development should result in quantifiable enhancements in organizational efficiency. Conversely, the academic community imposed research-driven expectations, advocating for the field to establish itself as a scientific discipline capable of generating empirical evidence to support the notion that humanistic processes indeed lead to heightened productivity within organizations. In summary, it was a period in which Organizational Development (OD) shifted towards a more outcome-driven approach. If methods were not deemed cost-effective, they were not put into practice. Sanzgiri and Gottlieb (1992) propose that this excessively practical focus should be considered within its specific context. These were challenging economic circumstances. The prospect of stable, long-term employment in academic and corporate sectors was significantly less secure than in the past, prompting Americans to question traditional values regarding a strong work ethic. The energy crisis of the 1970s plunged the economy into a recession, prompting American businesses to prioritize consolidation over pursuing innovative avenues.¹⁷

Since the 1980s, constructionist and postmodern ideologies have progressively shaped the field of social sciences by introducing concepts related to the existence of multiple realities and the subjective nature of human experience (e.g. Hancock and Tyler, 2001; Linstead, 2004; Searle, 1995). Central to this paradigm shift is the belief that in a world where multiple realities exist, there is no absolute, objective truth waiting to be uncovered. Rather, the focus shifts towards understanding how consensus regarding the nature of a particular reality is reached through the negotiation of differing perspectives.¹⁸ This also brings into question the utilization of power by advocates in shaping or enforcing the accepted societal construct or 'privileged' narrative.¹⁹ In addition to constructionist and postmodern perspectives, novel concepts regarding change dynamics, such as chaos theory and self-organizing systems²⁰, have begun to influence how people think about change in organizations.

Numerous concepts have been integrated into the realm of Organizational Development (OD) in recent years, albeit without the explicit goal of establishing a 'New OD'. We posit that there are at least five modern OD practices that are rooted in or influenced by contemporary theories and assumptions that have emerged after the traditional formulation of OD in the 1950s and 1960s. These practices encompass appreciative inquiry, large-scale interventions aimed at fostering consensus, altering mindsets and

¹⁶ Larry E. Greiner and Thomas G. Cummings (2005), *Ibid*, p 95.

¹⁷ Jzotsna Sanzgiri, Jonathan Z. Gottlieb, *Philosophic and Pragmatic influences on the Practice of Organization Development, Organizational Dynamics, Volume 21, Issue 2, Autumn 1992, Pages 57-69, p 60-61.*

¹⁸ Cooper and Burrell, 1988 in: Robert J. Marshak and David Grant, *Ibid*, p 09.

¹⁹ Clegg, 1989; Knights and Willmott, 1989 in: Robert J. Marshak and David Grant, *Ibid*, p 09.

²⁰ Wheatley, 1992 in: Robert J. Marshak and David Grant, *Ibid*, p 09.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

awareness to facilitate transformative change, addressing issues of diversity and multiculturalism, and embracing change models like complex adaptive systems theory, which deviate from the conventional 'unfreeze-movement-refreeze' linear change approach.²¹

Table N 2.1: Trends in OD

Classical OD (1950s onward)	New OD (1980s onward)
Based in classical science and modern thought and philosophy	Influenced by the new sciences and postmodern thought and philosophy
Truth is transcendent and discoverable; there is a single, objective reality	Truth is immanent and emerges from the situation; there are multiple, socially constructed realities
Reality can be discovered using rational and analytic processes	Reality is socially negotiated and may involve power and political processes
Collecting and applying valid data using objective problem-solving methods leads to change	Creating new mindsets or social agreements, sometimes through explicit or implicit negotiation, leads to change
Change is episodic and can be created, planned and managed	Change is continuous and can be self-organizing
Emphasis on changing behaviour and what one does	Emphasis on changing mindsets and how one thinks

Source: Robert J. Marshak and David Grant, Ibid, p 08.

2.2.3 Organization Development and Change:

Organizational Development (OD) pertains to the restructuring of structures, functions, and processes to enhance organizational effectiveness, which is the degree to which the company's goals are met. On the other hand, change management encompasses various aspects including strategic (transformational and ongoing changes), organizational (structures, functions, processes), technological (technology, technical processes, new products, new systems), and behavioral (organizational culture, skills, incentives, new work methodologies), as well as new initiatives like governance, digitalization of the organization, environmentally friendly policies, flexible work systems, and more.

Although the relationship between Organizational Development (OD) and Change Management (CM) is intricate, it is fascinating and is rooted in numerous similarities and differences. In this context, Creasey et al. (2015) introduced several distinct dimensions and three significant intersections that establish the basis for the similarities between OD and CM. The distinguishing dimensions between OD and CM include the scope of application, duration of the process, focus of effort, and level of engagement. Furthermore, Cummings and Worley (2015) highlighted that OD places more emphasis on the transfer

²¹ Robert J. Marshak and David Grant, Ibid, p 09.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

of knowledge and skills, whereas CM does not prioritize this aspect. These disparities and intersections are succinctly outlined in table (2).²²

Table N 2.2 : Dimensions of differences and interferences between OD and CM

Dimensions of Differences between OD and CM	OD	CM
Application scope	Whole system application, which is focus on holistic, organization-wide frameworks.	A specific project application (narrower) or a particular change.
Process duration	Doesn't have an end date (continuous improvements)	Have fixed start and ending date
Effort focus	How system function	How to motivate employees in changing how they execute their works, i.e., focus on people
Engagement level	Designing activities to change higher order organizational Components	Focuses on systematic and frequent methods to ease individual espousal of changes in the employee's process.
Knowledge and skills transfer	Concerned with the transfer knowledge and skills	Not necessarily required
Interferences between OD and CM		
<ul style="list-style-type: none"> • OD and CM acknowledge the human side within the organization. • Acknowledges that employees are a critical factor in making an organization successful, and therefore focuses on the initiatives, and organization continuous improvement. • Each focusing on improving the effectiveness of organization, supporting the change initiatives' returns on investment, and enhance alignment of strategic imperatives with staff behavior. 		

Source: Mohammad S. Alhmeidiyeen (2019), Change Management and Organizational Development: A Critical Conceptual Study, Ibid, p 04.

2.3 Organizational Development Characteristics and Objectives

²² Mohammad S. Alhmeidiyeen (2019), Change Management and Organizational Development: A Critical Conceptual Study, , p 03.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

2.3.1 Characteristics of OD: ²³

The fundamental attributes of Organizational Development (OD) can be inferred from the aforementioned analysis.

- Organizational Development (OD) is an interdisciplinary field primarily rooted in behavioral science. It encompasses various disciplines including organizational behavior, management, business, psychology, sociology, anthropology, economics, education, counseling, and public administration.
- A key objective of Organizational Development (OD) is to enhance the overall efficacy of the organization, although it is not the sole focus.
- The focus of the transformation initiative encompasses the entirety of the organization, including its various departments, work groups, and individual members. Furthermore, as previously noted, this scope may also encompass a wider community, nation, or region.
- Organizational Development (OD) acknowledges the significance of the dedication, backing, and engagement of senior management. It also upholds a grassroots approach when the organizational culture is conducive to such endeavors aimed at enhancing the organization.
- It is a strategic and comprehensive approach to change management, acknowledging the need to adapt swiftly to the ever-evolving environment in which we operate.
- The primary emphasis of Organizational Development (OD) lies in the holistic analysis of the entire system and its interconnected components.
- OD employs a cooperative methodology that engages individuals impacted by the process.
- It is an educational initiative aimed at cultivating values, attitudes, norms, and managerial strategies that foster a positive organizational culture conducive to promoting healthy behaviors. OD is guided by principles rooted in humanism.
- It is a systematic method of comprehending and assessing organizations through data analysis.
- It is led by a change agent, change team, or line management whose main responsibility is that of a facilitator, educator, and mentor rather than a subject matter expert.
- It acknowledges the necessity of strategic monitoring and evaluation to sustain the implemented changes.
- It encompasses strategic interventions and enhancements in the processes and structures of an organization, necessitating adeptness in collaborating with individuals, groups, and entire organizations. The driving force behind this endeavor is predominantly **action research (AR)**.

²³ Gary N. McLean, Organization Development Principles, Processes, , Published by Berrett-Koehler Publishers, p 12.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

2.3.2 The objectives of organizational development in an organization: ²⁴

The goals of organizational development can be realized through the alignment of organizational structures and fostering the personal development of individual employees. Its aims encompass the following:

- It contributes to enhancing organizational efficiency, thereby improving corporate performance.
- It enhances the transparency of communication among individuals or employees within the organization regarding the achievement of corporate performance benchmarks.
- It aids in bolstering dedication, autonomy, and self-regulation in the implementation of strategic changes to enhance the overall performance of a given organization.
- Organizational development promotes collaborative decision-making among key personnel to enhance corporate performance within firms.
- Organizational development plays a pivotal role in formulating strategic interventions to address the issue of subpar corporate performance within a company.
- It facilitates the enhancement of trust and emotional solidarity among employees within the organization, ultimately boosting productivity.
- It aids in offering exceptional opportunities to impact individuals, workplace culture, and the corporate performance benchmarks of organizations on a consistent basis.
- It also promotes individuals to engage in their professional roles as unique human beings rather than mere assets for the organization.

2.4 Organization Development Theories:

While the concept of organizations has a history spanning millennia, the formal study of organization theory emerged in the early decades of the previous century. The evolution of organization theory can be

²⁴ Ele Augustine et al (2021), ORGANIZATIONAL DEVELOPMENT: AN INTERVENTION STRATEGY FOR EFFECTIVE CORPORATE PERFORMANCE IN NIGERIA, British Journal of Management and Marketing Studies, Volume 4, Issue 2, p 14.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

divided into approximately three distinct stages, each marking a progression in understanding and analysis..²⁵

3.4.1 Classical Theories:

During the initial decades of the twentieth century, the field of organizational studies was primarily characterized by the "classical" paradigm. This approach focused on dissecting the formal structure of organizations and managerial techniques, operating under the premise that individuals are rational beings driven by monetary incentives. ²⁶ Prominent figures in three key classical epistemologies have contributed to the development of organizational theory.: ²⁷

Max Weber and his theory of rational bureaucracy, which refers to an ideal and rational organizational form characterized by a structured system based on the rationalization of collective activities, established on formal rules and regulations, fostering impersonal relationships, and hiring individuals solely based on technical competence.

Henri Fayol, a French industrialist and pioneer in general administration theory, was a contemporary of Weber. Fayol established five fundamental principles for organizational management: planning, organizing, commanding, coordinating, and controlling. Additionally, he formulated fourteen principles of administrative management, including division of labor, authority and discipline, unity of command and direction, subordination of individual interests to the general good, remuneration and centralization, scalar chain, order, equity, stability of tenure of personnel, initiative, and esprit de corps.

Frederick Taylor, a prominent figure in organizational theory, pioneered the scientific management theory of organizations. Taylor outlined four fundamental principles:

- 1) Systematic job analysis (utilizing observation, data collection, and precise measurement to determine the most optimal method for performing each task);
- 2) Personnel selection (methodically selecting and then training, instructing, and cultivating employees);
- 3) Managerial collaboration (managers should collaborate with employees to ensure that all tasks are carried out in alignment with the scientific principles that underpin the plan), and
- 4) Functional supervision (managers undertake the activities of planning, organizing, and decision-making, while workers execute their designated tasks).

The initial theorists' conviction in the presence of ultimate, superior resolutions and their inevitable victory can be interpreted as a reflection of their era - marked by the swift advancements in science and

²⁵ HELEN HOWARD, Organization Theory and Its Application to Research in Librarianship, LIBRARY TRENDS, SPRING 1981, p 478.

²⁶ HELEN HOWARD (1981), Ibid, p 479.

²⁷ Scott 2003 in : Medani P. Bhandari, Theories and Contemporary Development of Organizational Perspectives in Social Sciences. The development of organizational theory and the emergence of challenges to the traditional rational approaches to understand the organization. Part 2, ASEJ - Scientific Journal of Bielsko-Biala School of Finance and Law, Volume 24, No 1 (2020), p 15.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

technology, the remarkable prosperity of mass production facilities, the overall rise in logical approaches, and a somewhat naive trust in the simplicity of human matters, likening them to physical systems.²⁸

2.4.2 Behavioral Theories:

Partially in response to the dehumanizing perception of workers as mere cogs in a machine, the examination of organizational structures in the mid-20th century was predominantly characterized by a school of thought commonly referred to as “human relations” or “neoclassical.” The central emphasis shifted towards understanding human behavior within organizations, as well as the dynamics of work groups and informal groups. Despite the stark differences in their theories, proponents of both the neoclassical and behavioral approaches were convinced that they had discovered the ultimate method of organizational design.²⁹

Mayo, Argyris, McGregor, and Likert all centered their inquiries on a common theme: how to alleviate the adverse impacts of hierarchical structures. Each of these scholars delved into distinct aspects of the issue and arrived at individual conclusions. A detailed examination of their foundational research shows that they did not universally endorse group-oriented strategies as the solution to hierarchical limitations. Although they acknowledged that organizations thriving in a humanistic manner typically feature numerous tightly-knit work teams, they refrained from definitively asserting that organizational prosperity hinges on group dynamics.³⁰

⇒ **Human Relations Approach:**

One of the primary figures in the development of the human relations approach was Elton Mayo (1880-1949), who, along with his colleagues from Harvard University, led the way in applying scientific methodologies to the study of individuals within the workplace. Subsequent researchers underwent more extensive training in a range of social sciences, including psychology, sociology, and anthropology. These researchers also adopted more advanced research techniques, leading them to be recognized as ‘behavioral scientists’ rather than mere proponents of the human relations school.³¹

Hampton (1986) encapsulated Mayo’s research by outlining the Hawthorne experiments conducted by Mayo and his team from 1927 to 1932. Mayo was summoned by Western Electric after previous researchers, who had been investigating the effects of workplace lighting, reported some peculiar findings. The researchers had divided the employees into a ‘test group’ that experienced intentional variations in lighting and a ‘control group’ whose lighting remained constant throughout the study. As

²⁸ Lars Groth, *Approaches to Organization Theory*, Chichester Shs, Boothwyn, Pennsylvania. Download from: [approaches-to-organization-theory.pdf - 1 Approaches to Organization Theory Lars Groth “Large organization is loose organization. Nay, it would be | Course Hero 29/08/2022.](#)

²⁹ HELEN HOWARD (1981), *Ibid*, p 479.

³⁰ William G. Ouchi, Raymond L. Price, *Hierarchies Clans and Theory Z: A New Perspective on Organization Development*, *Organizational Dynamics*, Autumn 1978, p 27.

³¹ Stoner (1978) in: Salisu Lawan Indabawa, Zakari Uba, *Human Relations and Behavioral Science Approach to Motivation in Selected Business Organizations in Kano Metropolis Nigeria*, *European Journal of Business and Management*, Vol.6, No.25, 2014, p 169. Available at: www.iiste.org

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

expected, when the lighting conditions for the test group improved, productivity increased. However, what surprised the researchers was the productivity spike observed when the lighting was decreased. Adding to the mystery, the output of the control group continued to rise with each change in lighting conditions for the test group, despite the control group not experiencing any alterations. In his quest to unravel this enigma, Mayo initiated a new era in human relations. In a novel experiment, Mayo and his colleagues divided twelve women into two groups, with six women in each group, and placed them in separate rooms. One room had varying conditions, while the other did not. Various factors were manipulated, such as increasing salaries, implementing coffee breaks of different durations, shortening the workday and workweek, allowing the groups to select their own break times, and involving them in decisions regarding other proposed modifications. The productivity levels increased in both the experimental and control rooms. The researchers eliminated financial incentives as a possible cause because the control group maintained the same payment structure. Mayo inferred that a complex emotional cascade triggered the productivity enhancements. The special attention given to the test and control groups instilled a sense of group pride, motivating them to enhance their work performance. The supportive supervision they received further bolstered their heightened motivation. This experiment marked Mayo's initial significant breakthrough, indicating that increased productivity is likely to occur when workers receive special attention from management, irrespective of actual alterations in working conditions. This phenomenon came to be known as the Hawthorne effect.³²

Another significant figure in the realm of Human relations theory was Miss Mary Parker Follett (1868-1933). She is credited with the original definition of management as the art of 'achieving work completion through the efforts of others'. Follett believed that managers should inspire employees to pursue organizational objectives with passion, rather than merely issuing commands. She advocated for managers to collaborate with employees in order to achieve shared goals, as opposed to dictating orders. Follett's work laid the groundwork for research in group dynamics, conflict resolution, and organizational politics.³³

⇒ **The Behavioral Approach to Management**

Behavioral management is grounded in reinforcement theory, tracing back to Skinner's (1938) operant conditioning and Thorndike's (1913) law of effect. The behavioral perspective on work motivation posits that the driving forces behind human behavior lie in the functional interplay between environmental factors (such as reinforcers) and the behaviors they influence.³⁴

Chris Argyris :

While Mayo delved into the realm of industrial history, Chris Argyris utilized modern social science to reinforce his arguments (1957, 1964). Argyris's work delves deeply into the psychological aspects of

³² Salisu Lawan Indabawa, Zakari Uba, Ibid, p 169.

³³ Mescon atal 1977 in : Salisu Lawan Indabawa, Zakari Uba, Ibid, p 169.

³⁴ ALEXANDER D. STAJKOVIC AND FRED LUTHANS, BEHAVIORAL MANAGEMENT AND TASK PERFORMANCE IN ORGANIZATIONS: CONCEPTUAL BACKGROUND, META-ANALYSIS, AND TEST OF ALTERNATIVE MODELS, PERSONNEL PSYCHOLOGY ink, 2003,56, p 157.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

humanistic organizations, showcasing a comprehensive understanding of individual psychology. Despite the broad scope of his work, which includes organizational structure and relationships between organizations and their environments, Argyris places a significant emphasis on the individual's psychology. This is in stark contrast to Mayo's focus on constructing a rationale to elucidate the lack of natural cooperation within industrial societies.³⁵

While Argyris's emphasis on organizational change has shifted over the past few decades, the themes of interpersonal competence, behavior modification within group dynamics, and cognitive and behavioral incongruities have remained constant.³⁶

Argyris' work focused on enhancing job roles by promoting greater autonomy, reducing specialization, and increasing control over work methods to alleviate feelings of insignificance and helplessness in the workplace. Furthermore, he later advocated for an organizational framework that would yield accurate information, foster informed decision-making, and cultivate internal dedication. To instill these organizational attributes, he suggested techniques aimed at bridging the gap between individuals' actual practices and their stated beliefs. Nevertheless, his key contribution lies in offering a theoretical framework with broad practical applicability. Argyris certainly did not suggest that forming cohesive small groups should be the primary practical implication of his theories.³⁷

*Abraham Maslow*³⁸

In 1943, psychologist Abraham Maslow proposed a theory of human motivation that was subsequently embraced by numerous executives.

Maslow delineated five categories of human needs organized in a hierarchy based on their significance to individuals. These include:

3. Physiological
- ii. ii. Safety
- iii. iii. Social belonging
- iv. iv. Esteem needs
- v. v. Self actualization

Maslow formulated his theory of motivation by anchoring it on three fundamental perspectives.(Katherine et al 1998)

- ✓ Human individuals possess inherent needs that remain perpetually unfulfilled.
- ✓ Human behavior is directed towards satisfying unmet needs at a specific moment in time.
- ✓ Needs are often organized in a hierarchical manner, with fundamental needs occupying the lower levels of the hierarchy.

³⁵ Ouchi and Price (1978), *Ibid*, p 29.

³⁶ Michael N.Bazigos, W.Warner Burke, *Theory Orientations Of Organization Development (OD) Practitioners, Group & Organization Management*, Vol 22, No 3, 1997, p 387.

³⁷ Ouchi and Price (1978), *Ibid*, p 31.

³⁸ Salisu Lawan Indabawa, Zakari Uba, *Ibid*, p 170.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ✓ He concentrated on the personal needs of employees and their impact on performance. His theory posits that individuals strive to meet unmet needs, encompassing basic physiological needs like food, as well as more intricate psychological needs such as self-esteem. He proposed a hierarchy of needs, noting that the fulfillment of a need has minimal impact on motivating an employee. For instance, an individual with an unmet need can be motivated to work towards fulfilling that need.

Therefore, an individual experiencing hunger may exert significant effort in order to procure sustenance. This notion, coined as the ‘deficit principle,’ emphasizes the importance of managers being attuned to unfulfilled needs and implementing incentives to address them. For instance, in addressing a need for esteem, management could establish a formal reward system to acknowledge and validate the contributions of employees.

Maslow also developed a hierarchy of needs, positing that once basic needs are satisfied, individuals are driven to fulfill higher level needs. According to Maslow, unmet lower level needs tend to dominate an individual’s thoughts, overshadowing higher level needs. For instance, a person experiencing hunger is more focused on obtaining food than on the desire for self-esteem.

Nevertheless, in recent years, Maslow’s theory has faced criticism from managers who have come to realize that not all individuals conform to a strict hierarchical arrangement of needs. There are individuals who may bypass lower needs altogether in pursuit of higher ones.

Furthermore, Maicibi (2003) has demonstrated that beyond the stage of self-actualization, a new set of needs arises – the need to sustain one’s accomplishments and prevent regression. He highlighted that this phenomenon is particularly prevalent in the African context, influenced by factors such as the fear of impoverishment and the obligations imposed by the extended family structure, which place additional pressure on successful individuals within the family.

Rensis Likert:

We delve into the work of Rensis Likert. One of the most notable aspects of Likert’s contribution to the exploration of humanistic organizations was his articulation of the characteristics of such organizations, which he meticulously gathered and analyzed data to refine. Building on this empirical foundation, he was able to grasp both the theoretical underpinnings and practical implications of organizational dynamics. Likert’s utilization of survey research technology was primarily focused on examining interpersonal dynamics. While this approach may not be suitable for delving into the societal underpinnings of organizations, as Mayo did, or for investigating the psychological aspects of personality, as Argyris did, its main strength lies in its ability to uncover the patterns of interaction between individuals within humanistically thriving organizations as opposed to those that are struggling.

Likert acknowledged the inherent challenges in cooperation stemming from the division of labor within a sophisticated contemporary institution. He did not extensively explore the societal underpinnings of this occurrence, nor did he linger on its implications for the fundamental psychological structure of an individual. Instead, his focus was on empirically identifying the organizational structures that effectively

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

address the issues of collaboration and the lack of motivation commonly associated with industrial settings.³⁹

A systems-level theoretician, Likert's theories on the linking-pin structure and the four-system organization model have served as the foundational principles of his theory. The linking-pin structure pertains to the dual role of managers: acting as both leaders of their own teams and as subordinates to the groups to which they are hierarchically connected. In this capacity as linking pins, these managerial subordinates are responsible for reconciling differing perspectives within the vertically aligned groups.

Four organizational design models – autocratic, benevolent autocratic, consultative, and participative – are evaluated across seven key dimensions within the Likert paradigm: leadership, motivation, communication, interaction and influence, decision-making, goal-setting, and control. The prevailing belief is that the most effective organizational model is one that is participative and consensus-driven. As a result, the organizational development (OD) intervention employs data-driven diagnostics (across the seven dimensions) and survey feedback to drive change towards a consensus-oriented approach..⁴⁰

Likert contended that within hierarchical structures, there is a proclivity to rely on control mechanisms, such as coercion and financial incentives, which subsequently exacerbate the inherent conflicts among individuals and groups resulting from the organizational division of labor. He stressed that only by fostering a dedication to collaborative decision-making and providing training in interpersonal competencies, can these innate conflicts be effectively managed. Furthermore, he provided a more comprehensive elaboration on the significance of group decision-making, a concept also underscored by Mayo and McGregor; he posited that group decision-making aligns with the principle of individual accountability, a notion to which the majority of managers are deeply committed.

Likert astutely acknowledged that establishing successful groups does not inherently resolve cooperation issues. In fact, fostering internally unified groups could potentially shift the organization's dynamics from individual conflicts to intergroup conflicts. To mitigate this risk, Likert underscored the significance of cultivating a shared culture. To facilitate the cultivation of a shared culture, he proposed rotating managers across different functions and encouraging multiple overlapping group affiliations. These strategies would serve as structural mechanisms aimed at fostering the evolution of a companywide culture rather than one confined to specific localities.

While it is challenging to encapsulate the abundance of empirical evidence presented by Likert in this study, his findings consistently indicate that thriving organizations are comprised of interconnected work teams united by shared engagement in an organizational culture. He affirmed that: "A unit with a high degree of group loyalty will strive hard to achieve the goal it has set for itself" and "all managers in the offices in Set V (high performance) use group methods of supervision; none does in Set I (low performing)." He then went on to say:

³⁹ Ouchi and Price (1978), *Ibid*, p 32.

⁴⁰.Bazigos and Burke (1997), *Ibid*, p 388.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

*A highly productive organization is much more than a conglomeration of strangers. If a firm were to consist of individuals each of whom had excellent aptitude and training for his particular job but knew absolutely nothing about any other member, the productivity and performance of such an organization would be poor. Highly productive organizations . . . are tightly knit social systems.*⁴¹

Douglas McGregor:

McGregor was a contemporary of F.W. Taylor; he introduced a novel approach to management that encouraged managers to view their subordinates as accountable, competent, and innovative individuals. He believed that for an extended period, leaders and managers had regarded subordinates as irresponsible and indolent. He labeled this management approach as theory X. Managers adhering to theory X are typically autocratic, focused on control, and skeptical.

On the contrary, McGregor introduced an alternate viewpoint known as Theory Y, which challenges the previous assumptions regarding human nature. Managers who subscribe to Theory Y hold an optimistic view of their subordinates, seeing them as individuals who seek out challenges in their professional settings, value autonomy, and possess the ability to make sound independent decisions.⁴²

The pragmatic consequences of Mayo and Argyris' theories were evident in McGregor's work. McGregor acknowledged the challenge of fostering cooperation in a modern industrial society compared to a traditional one. He also emphasized the importance of cultivating social skills for managers in today's world. Drawing from Argyris, McGregor embraced the concept that reliance on others can lead to psychological unease. He understood that in both society and organizations, interdependence is an unavoidable reality due to the division of labor.

To mitigate the impact of interdependent relationships within organizations, McGregor stressed the importance of establishing a set of beliefs regarding individuals that foster an atmosphere of trust, known as Theory Y. When discussing the ramifications of Theory Y on job structure, pay structures, and decision-making processes, McGregor closely adhered to the psychological achievement principles outlined by Argyris. Nevertheless, McGregor consistently underscored the pivotal notion that these tools should be rooted in a fundamental culture or philosophy that is inherently positive.⁴³

Similar to Mayo and Argyris, McGregor emphasized the significance of cultivating social skills or interpersonal competence. The intricate relationships within organizational dynamics are so profound that a considerable level of social proficiency is essential to prevent frustration and the subsequent rise of psychologically damaging hierarchical power structures. McGregor explicitly promoted the utilization of sensitivity training groups, commonly known as T-groups, as a platform for acquiring these necessary skills. He also underscored the progress made in the field of group dynamics, particularly by Kurt Lewin and his colleagues. McGregor contended that these advancements should be implemented in the

⁴¹ Ouchi and Price (1978), *Ibid*, p 33.

⁴² Salisu Lawan Indabawa, Zakari Uba, *Ibid*, p 171.

⁴³ Ouchi and Price (1978), *Ibid*, p 31.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

industrial sector to enhance the efficacy of teamwork, which is an inevitable component of interdependency.

Essentially, McGregor appears to have embraced the idea that hierarchy hinders psychological development while also recognizing its essential role in industrial structure. As a result, his aim was to find ways to improve the negative aspects of hierarchy. He proposed three fundamental methods, including the cultivation of:

1. An environment or mindset that promotes the human-centered use of a hierarchical structure.
2. Enhancing interpersonal skills through participation in T-groups..
3. The enhanced efficiency of small task forces (the inherent fundamental connections among interdependent individuals within organizations).⁴⁴

2.4.3 Modern Approaches:

Initial organizational development strategies predominantly focused on integrating humanistic principles in the workplace. These principles prioritized values such as individual growth, interpersonal skills, engagement, dedication, contentment, and democratic decision-making within the organization.⁴⁵ .Initially, the primary focus was centered around the workplace. Nevertheless, there has been a notable evolution in priorities. Contrasted with its earlier iterations, organizational development now places significantly greater emphasis on the broader external context in which the company functions, striving to assist businesses in achieving their strategic goals, partly through ensuring organizational congruence with the external environment.⁴⁶

Early methodologies placed significant emphasis on the enhancement of individuals and groups. While the phrase "whole organization" was utilized, the transformations facilitated by organizational development mainly concentrated on the group dynamics (such as team building) or other subordinate units within the organization. With the evolving organizational landscape of the 1980s and onwards, the focus has shifted away from individual and group development, unless they are integrated into the

⁴⁴ Ouchi and Price (1978), Ibid, p 32.

⁴⁵ French & Bell, 1999, Ibid

⁴⁶ JOHN R. AUSTIN AND JEAN M. BARTUNEK, HANDBOOK of PSYCHOLOGY, Chapter 13 : Theories and Practices of Organizational Development, John Wiley & Sons, Inc, 2003, P 310. Available at: <https://www.researchgate.net/publication/229507233>

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

framework of comprehensive systemic modifications and the alignment of an organization with its broader external surroundings.⁴⁷

⇒ **Systems theory:**

The systems approach marks the initiation of an intellectual shift in contemporary organizational theory, stemming not from a void of intellect, but rather from the complexities revealed by classical and behavioral ideologies.⁴⁸

The notion that an organization functions as a system originates from the broader idea that every facet of the physical and societal realms can be categorized as systems. This theory, known as General Systems Theory, is commonly credited to the Viennese theoretical biologist Ludwig von Bertalanffy (1901–1972).⁴⁹

General systems theory is a term that has been coined to encompass a higher-level theoretical framework that falls between the abstract constructs of pure mathematics and the specific theories of individual disciplines.⁵⁰ Renowned author Kenneth Boulding, with an impressive 2203 citations on Google Scholar, provides the following definition for a systematic interdisciplinary approach:

*A phenomenon for almost universal significance for all disciplines is that of the interaction of an 'individual' of some kind with its environment. Each discipline studies some kind of "individual" - electron, atom, molecule, crystal, virus, cell, man, family, corporation, and so on. Each of these individuals exhibits "behavior", action or change, and this behavior is considered to be related in some way to the environment of the individual- that is, with other individuals with which it comes into contact or into some relationship.*⁵¹

The concept in question was formulated in the 1950s and further elaborated upon by Katz and Kahn (1966) in order to advance a novel comprehension of the structural organization of society within the realm of social sciences. It served as a fundamental element of contemporary Organization Theory. General Systems Theory, as expounded by Bertalanffy and his adherents, represented a methodological framework aimed at elucidating the foundational essence of Systems.⁵² Drawing upon the principles of general systems theory, various approaches have been developed, including open system theory, the viable system model, and the viable system approach.⁵³

⁴⁷ JOHN R. AUSTIN AND JEAN M. BARTUNEK, Ibid, P 311.

⁴⁸ خليل محمد حسن الشماع وخضير كاظم حمود، نظرية المنظمة، دار المسيرة، للنشر والتوزيع، الطبعة الرابعة، الأردن 2007، ص 83.

⁴⁹ FREMONT E. KAST, JAMES E. ROSENZWEIG, General Systems Theory: Applications for Organization and Management, Academy of Management Journal, December, 1972, p 452.

⁵⁰ Kenneth E. Boulding, GENERAL SZSTEMS THEORY –THE SKELETON OF SCIENCE, Management Science Review, Vol 2, No 3, April 1956, P 197.

⁵¹ Ibid, P 201.

⁵² KAST and ROSENZWEIG 1972, Ibid, p 452.

⁵³ Kast and Kahn 1978 in: Cristina Mele, Jacqueline Pels, Francesco Polese, (2010) A Brief Review of Systems Theories and Their Managerial Applications. Service Science 2(1-2), p 127. <https://doi.org/10.1287/serv.2.1.2.126>

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Historically, business entities have not been designed to fully incorporate the systems concept. When adapting the conventional business framework to align with system-based management, specific organizational modifications may be necessary. It is evident that a one-size-fits-all organizational structure cannot fulfill the operational needs of every business. Therefore, each organization must be tailored as a distinct system.⁵⁴ Hence, General Systems Theory differentiates between open and closed systems.⁵⁵

Katz and Kahn Disregard the theories of bureaucracy and public administration, as well as the scientific management approaches, due to their failure in accurately forecasting organizational behavior. The utilization of open-system and role theory principles in dissecting the three phases of structural development is remarkably innovative and stands out as a notable accomplishment within the book. *The Social Psychology Of Organizations*⁵⁶

- **The Firm as a Closed System**

Traditional models and theories of organizations commonly adopt a closed systems approach to studying organizations, under the assumption that an organization's internal components are its primary defining features.⁵⁷ Variables that fall outside the scope of the interconnected assumptions of profit maximization, complete rationality, perfect knowledge, market competition, and the alignment of firm and entrepreneur identities are disregarded through assuming that "all other things are equal."⁵⁸ The closed system, such as the biosphere, is only accessible for the intake of energy.⁵⁹

- **The Firm as an Open System**

In contrast to the closed-loop, closed-system approach epitomized by the 'machine metaphor,' the open-systems approach offers a perspective that allows observers to consider organizations within the context of their surrounding environment. This approach facilitates an understanding of organizations as interconnected subsystems. The analogy of organizations as living organisms shifts our focus from inert machines to dynamic entities. The mechanistic framework is supplanted by a vibrant organism, imbuing the observed organizations with vitality. These entities can be conceived as having life cycles - they can be born, grow, fall ill, and even perish. The organism possesses a distinct structure and inherent order. Its development is influenced by forces that may or may not be within its control. Survival and adaptation

⁵⁴ Richard A. Johnson, Fremont E. Kast, and James E. Rosenzweig, SYSTEMS THEORY AND MANAGEMENT, Management Science, Vol 10, No 2, January, 1964, 373.

⁵⁵ Francis Amagoh, Perspectives on Organizational Change: Systems and Complexity Theories, The Innovation Journal: The Public Sector Innovation Journal, Volume 13(3), 2008, article 3, p 02.

⁵⁶ MAXINE BUCKLOW (1966), Book Reviews ,THE SOCIAL PSYCHOLOGY OF ORGANISATIONS: By Daniel Katz and Robert L. Kahn(John Wiley and Sons, Inc, 1966), Journal of Industrial Relations, Vol 8, Issue 3, p 321.

⁵⁷ Francis Amagoh, Ibid, 2008, p 02.

⁵⁸ THOMAS A. PETIT, A Behavioral Theory of Management, Academy of Management, December 1967, p 342.

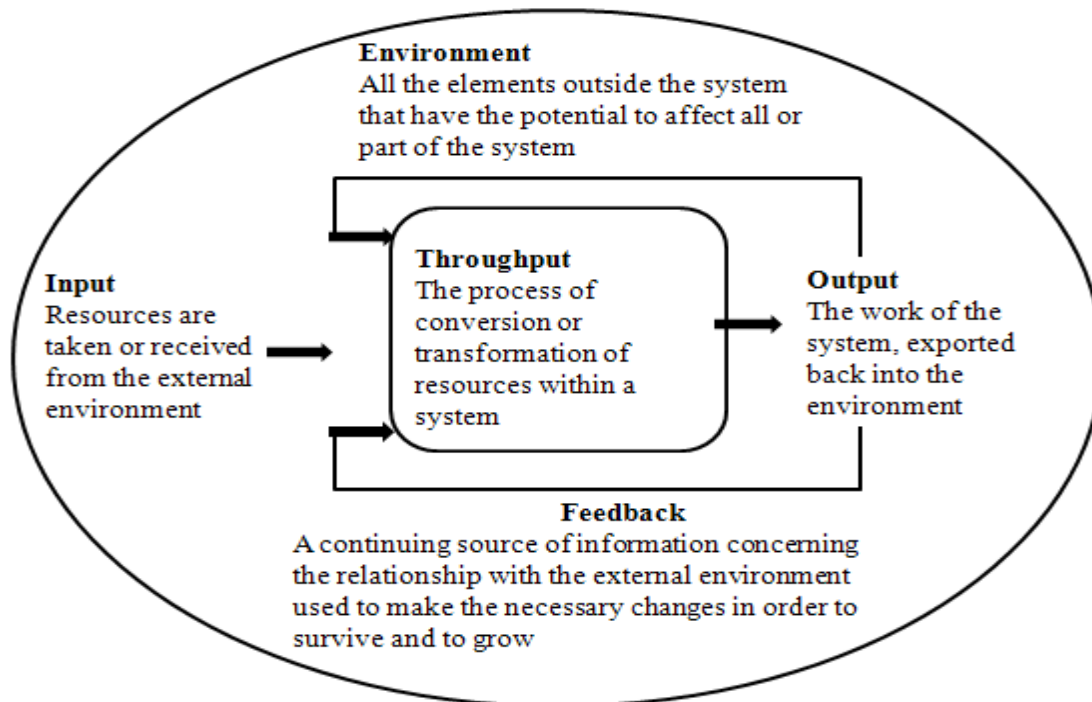
⁵⁹ Skyttner L. 1996. General Systems Theory: An Introduction. London: Macmillan Press,Ltd Ibid, p 38 .

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

to the environment are imperative for the organism. The open systems theory underscores the significance of adaptation, flexibility, and the environment in which the organization operates.⁶⁰

In their book of 1966 *The Social Psychology of Organizations*, Katz and Kahn incorporate the concept of open systems into their academic pursuits.. Katz and Kahn have The development of a framework (illustrated in Figure 2) for analyzing organizational behaviors through the lens of input, throughput, and output has been achieved. This model breaks down the external factors that impact the system's operations, making it a fundamental component of open system theory.⁶¹

Figure N 2.1: Katz and Kahn Open System Model



Source: Katz and Kahn (1978) in : Ramosaj and Berisha 2014.

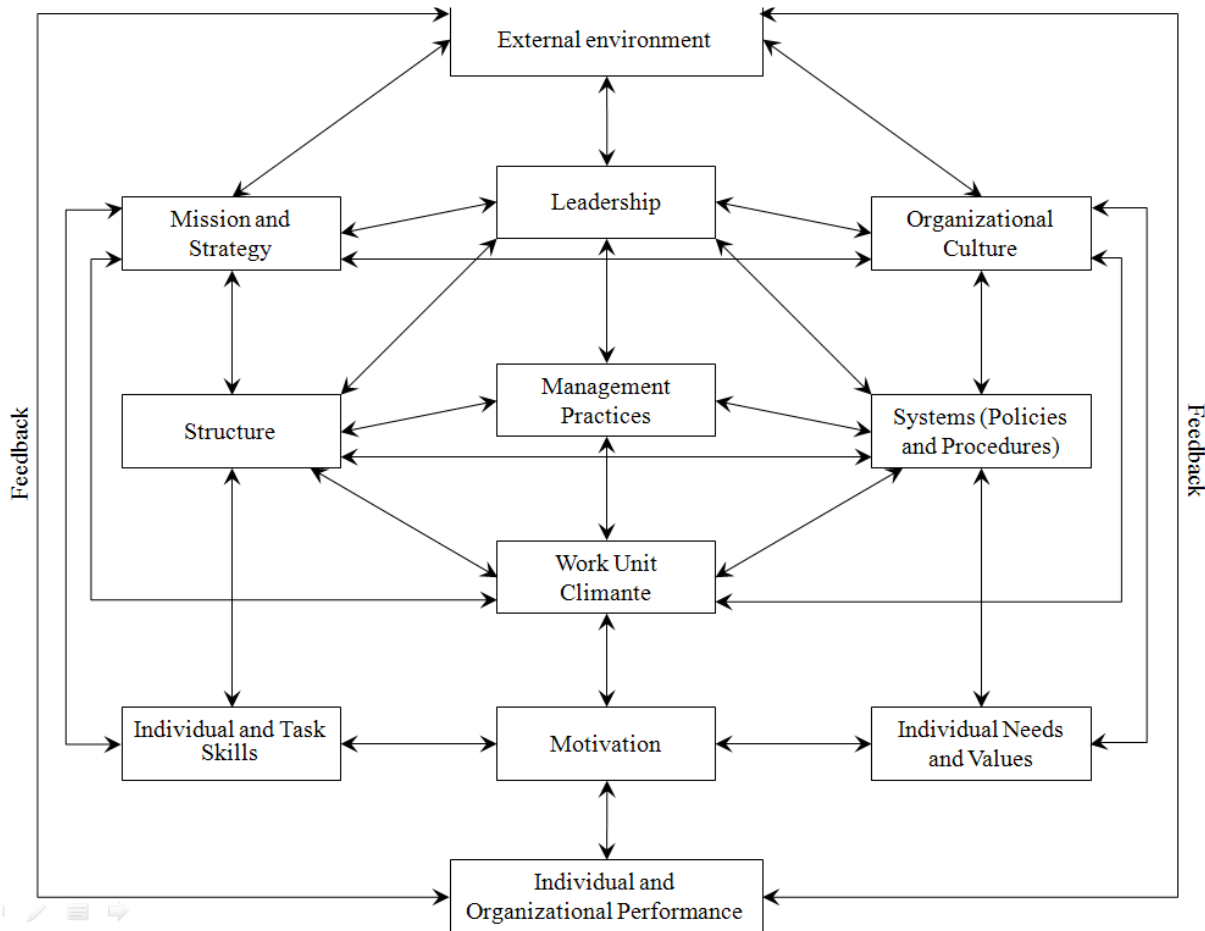
An alternative framework for viewing an organization as a system is the Burke-Litwin model. This model diverges from the traditional systems theory approach, particularly the Katz and Kahn input-throughput-output model. In this model, the external environment serves as the input, individual and organizational performance represent the output, and the throughput, or the process according to general systems theory, encompasses various other organizational variables.⁶²

⁶⁰ HAROLD ITKIN, MIKLOS NAGY, THEORETICAL AND PRACTICAL USE OF METAPHORS IN ORGANIZATIONAL DEVELOPMENT AND BEYOND, PANNON MANAGEMENT REVIEW, VOLUME 3 , ISSUE 4 , DEC 2014, p 40 .

⁶¹ Berim RAMOSAJ, Gentrit BERISHA, Systems Theory and Systems Approach to Leadership, Iliria International Review, 2014/1, p 61.

⁶² W. Warner Burke and George H. Litwin, A Causal Modal Of Organizational Performance and Change, Journal Of Management , Vol 18, No 3, 1992, 527.

Figure N 2.2: Burke-Litwin Model



Source: Burke and Litwin (1992), p 528.

According to (Skyttner, 1996) 'A system is a set of interacting units or elements that form an integrated whole intended to perform some function.' Skyttner (1996) Another practical definition commonly used, particularly in the field of management, is that a system consists of the structured assembly of individuals, machinery, and resources necessary to achieve a specific objective, all interconnected through communication channels.⁶³ these units refer to:⁶⁴

The set of inputs: These are the varying factors that have been noted to influence the behavior of the system.

The set of outputs: These are the observed variables influencing the interaction between the system and its surroundings.

⁶³ Skyttner, Ibid , p 35.

⁶⁴ Ibid, p 48, 49.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

The set of states: These are intrinsic variables of the system that govern the correlation between input and output.

English output..

The state-transition function : This will determine the state transitions in response to different inputs introduced into the system.

The output function : This will determine the resultant system output based on a specific input under a specific condition.

Feedback : Feedback control is a fundamental strategy that enables a system to counteract unforeseen disruptions and is commonly described as the 'transfer of a signal from a subsequent to a preceding stage'.

Open system theory (OST) Examines the interplay between organizations and their surrounding environment. This examination delves into the capacity of organizations to adjust to fluctuations in environmental circumstances, whether through information processing or not. The premise posits that entities equipped to gather information about their unique environment exhibit greater adaptability to changes in contextual factors..⁶⁵

Emery and Trist (1960) conceptualize organizations as socio-technical systems, emphasizing the dual components of the firm viewed as a system: a social element (people) and a technical element (technology and machinery). On the contrary, the *Viable System Model (VSM)* delineates a system as an entity capable of adapting to ensure its survival in a dynamic environment. The viable system is an abstracted cybernetic representation that is relevant to self-governing organizations. Cybernetics, being an interdisciplinary examination of regulatory system structures, delves into how actions taken by a system result in environmental changes, which the system itself comprehends through feedback, enabling it to adjust to new circumstances. Essentially, the system can modify its conduct. In the realm of cybernetics, the system and the environment possess varying levels of complexity, with the environment containing complexities beyond the system's perception. When applied to organizations, the viable system model emphasizes conceptual frameworks for comprehending the organization of systems in order to revamp them through: i) managing change; ii) viewing the organization as a unified entity; iii) assessing the fundamental functions of execution, synchronization, oversight, intelligence, and policy..⁶⁶

Viable system approach (VSA) Proposes a novel reimagining of integrated strategic organizational and managerial frameworks: subsystems and super systems. Subsystems center on scrutinizing the interrelations among the internal elements of enterprises, whereas super systems emphasize the interconnections between enterprises and other influential systemic entities within their environment.⁶⁷

⇒ **Chester Barnard's Theory of the Firm:**

The notion of viewing business as a social system was significantly advanced by Chester Barnard in his seminal work, "The Functions of the Executive," published in 1938.⁶⁸ In Chester Barnard's view,

⁶⁵ Mele, Pels, Polese, (2010), Ibid, p 127.

⁶⁶ Mele, Pels, Polese, (2010), Ibid, p 127.

⁶⁷ Ibid, p 128.

⁶⁸ WILMAR F. BERNTHAL, Contributions of the Behavioral Science Approach, University of Colorado, 1962, p 23.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

organization is a cooperative system that depends on the effectiveness of cooperation among its members, and its continuity depends on the means to achieve its goals. The organization in his conception is (a system of activities or personal forces coordinated with awareness and feeling). Based on this rationale, an organization can be viewed as a component within a broader system that comprises smaller elements, embodying an interconnected dynamic among its various components.⁶⁹

As per Barnard's theory, individuals often encounter challenges in obtaining complete satisfaction when striving to fulfill their needs and desires, primarily due to various inherent human limitations. To address these obstacles, particularly those stemming from physiological constraints that are prevalent, individuals establish collaborative systems. This is because cooperative systems have the capacity to generate a level of satisfaction that surpasses what can be achieved through individual efforts alone.⁷⁰

The framework of this collaborative system consists of four subsystems: a physical system, a personal system, a social system, and the organization. Of these four, the organization serves as the core that interconnects the others. Consequently, the endurance of the collaborative system hinges on the efficacy of the organization. The organization's roles encompass the generation, alteration, and interchange of utilities to meet the requirements of individuals within the collaborative system. Barnard referred to the participants' contented condition as "the achievement of efficiency." Thus, the continuation of the collaborative system relies on the achievement of efficiency.

From a managerial perspective, the organization is comprised of the collective input of its members. Therefore, the sustainability of the organization hinges on the ongoing input from individuals who form the entirety. The dedication of individuals is contingent upon the incentives provided by the organization in exchange for their efforts, which can fulfill personal aspirations. In essence, on an individual level, as long as the benefits received from the organization's incentives outweigh the level of personal sacrifice made for the organization, the individual will persist in contributing to the organization.

Barnard referred to such a contented individual as "a person who is efficient with regard to personal behavior." Conversely, in cases where an individual is unable to attain fulfillment, they may choose to withhold or retract their contributions, ultimately leading to their disassociation from the organization, consequently resulting in the disintegration of the cooperative system.⁷¹

According to Barnard, corporations rely on organizational ethics as the fundamental mechanism to sustain their organizational stability "that which is governed by beliefs or feelings of what is right or wrong regardless of self-interest or immediate consequences of a decision to do or not to do specific things under particular conditions" An essential facet of ethical protocols within a corporation is the executives' responsibility for their conduct. "securing, creating, inspiring of 'morale' in an organization. This pertains to the process of instilling perspectives, core beliefs, allegiances, to the organization or cooperative framework, and to the system of overarching authority, which will lead to prioritizing

⁶⁹ خليل الشماخ وخضير حمود، مرجع سابق ، ص 90.

⁷⁰ Osamu MANO, The Differences between Barnard's and Simon's Concepts of Organization Equilibrium- Simon's Misunderstanding about Barnard's Intention -, Econ. J. of Hokkaido Univ., Vol. 23 (1994), p 13.

⁷¹ Ibid, p 14

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

collective welfare over individual interests and the lesser influences of personal principles..” An essential moral function of corporate leadership is to inspire “cooperative personal decision by creating faith: faith in common understanding, . . . faith in the superiority of common purpose as a personal aim of those who partake in it”. Naturally, the various displays of organizational ethics rely heavily on the loyalty and accountability of individual members within the organization. Godfrey and Mahoney (2014) note that, as cited by Barnard, "the fundamental ethical duty of the executive lies in the task of sustaining the organization, establishing a balance that guarantees the organization's longevity." Upon further contemplation, it becomes evident that this duty entails steering clear of financial uncertainties and questionable behaviors that have become prevalent in the realm of money manager capitalism. ⁷²

The theory of cooperative systems emphasizes the crucial role of specialization in achieving coordination and compatibility among the efforts of team members to reach the shared goals of the organization. Coordination and collaboration of efforts are key prerequisites for the process of organizational development. ⁷³

Barnard emphasized the significant role of formal organization in fostering informal relationships. He highlighted the crucial role of informal organization in establishing and facilitating connections among members of the organization and in promoting unity among its components. Additionally, he underscored the impact of informal organization in shaping and instilling beliefs, values, and attitudes among members, which can later manifest in detrimental patterns that influence individuals' perceptions of the organizational development process and its protocols. Due to its substantial influence on the organization's overall behavior, informal organization plays a pivotal role in shaping the organizational culture. Furthermore, the positive aspects of informal organization lie in creating a conducive environment to achieve the objectives set forth by the formal organization. ⁷⁴

⇒ **Simon's Decision-Making and Organization Equilibrium Theory:**

The intellectual trends of decision-making and organizational equilibrium theory have emerged as a response to the inadequacies of behavioral theories in accurately capturing organizational behavior. This development represents a continuation of the cooperative approach championed by Chester Barnard. ⁷⁵

Decision-making is a fundamental process within any organization. While there is no universally accepted theory of decision-making, *Herbert Simon* has had a significant impact in this field. A key concept in Simon's ideology is the notion of bounded rationality. According to this principle, decision-makers are constrained in their ability to make fully rational choices. Instead of aiming to maximize outcomes by selecting the absolute best option from all available alternatives, individuals operating under

⁷² Vladislav Valentinov and Steffen Roth, Chester Barnard's Theory of the Firm: An Institutionalist View, JOURNAL OF ECONOMIC ISSUES, Volume LVI No. 3 , September 2022, p 711.

⁷³ خليل الشماخ وخضير حمود، مرجع سابق ، ص 91 .

⁷⁴ علي السلمي: تطور الفكر التنظيمي، الطبعة الثانية، وكالة المطبوعات، مصر، 1980، ص 175

⁷⁵ خليل الشماخ وخضير حمود، مرجع سابق ، ص 93 .

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

bounded rationality settle for a satisfactory solution that meets their criteria, also known as "satisficing."⁷⁶

In his seminal work "Administrative Behavior," initially released in 1945, he critiqued the conventional depiction of "economic man" by economists and the idealized "rational manager" as portrayed by earlier management theorists. Simon delineated two distinct forms of rationality in individual and group behavior namely:⁷⁷

First: Objective Rationality: It embodies the principles of rationality in decision-making, allowing individuals to maximize their benefits by ensuring a variety of viable options are available to them during the decision-making process.

Second: Subjective Rationality: It embodies the exercise of reason or logical decision-making in order to attain optimal outcomes by juxtaposing the various options, given the constraints in the individual's capacity to select among them.

Simon's profound insight was that individuals navigate through a highly intricate world with restricted knowledge and cognitive abilities, leading them to adopt a strategy of bounded rationality, choosing to *satisfice* rather than maximize their decisions.⁷⁸

According to him, the objective of the book was to demonstrate how organizations can be comprehended through their decision-making processes. Simon regards decision-making as the core of administrative behavior. He asserts that administration should be grounded in the rationale and psychological aspects of human decision-making, such as economic theory and psychology.⁷⁹

Simon is widely regarded as a preeminent and dedicated scholar in the realm of the decision-making process within the context of Organizational Development. He posits that the conduct of administration is intricately tied to the decision-making mechanisms within an organization. Thus, gaining insight into and forecasting such conduct necessitates a keen focus on the methods by which decisions are arrived at and the myriad influences that shape them, given that the majority of organizational operations are contingent upon the administrative decision-making process. Simon contends that organizational development is fundamentally contingent upon the judicious execution of administrative decisions, thereby emphasizing the importance of understanding the decision-making process and the various determinants that impact it.⁸⁰

Decisions must be made thoughtfully in order to achieve *Organizational Development*. Rational decision-making involves objective analysis and study of the situation in a realistic manner. Simon emphasized the significance of non-programmed decisions, which involve intricate issues and problems

⁷⁶ Simon, Herbert A. Administrative Behavior: a Study of Decision-Making Processes in Administrative Organization, 3d edition, New York: Free Press, 1976, p. xxix.

⁷⁷ هيربرت سايمون ، 1965 في : خليل الشماع وخضير حمود، مرجع سابق ، ص 93 .

⁷⁸ Lars Groth, Ibid, p 5.

⁷⁹ Medani P. Bhandari, Ibid, p 15.

⁸⁰ محمد عبد الفتاح ياغي، مبادئ الإدارة العامة، الطبعة الثانية، دار وائل لمنشر والتوزيع، الأردن 2011 ، ص 84.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

that require the director to engage in thorough study, critical thinking, and creative problem-solving in order to arrive at the most suitable decision.⁸¹

In order to comprehend how economic agents make decisions using an experimental approach, Simon and his colleagues employed puzzles such as the Tower of Hanoi. They directed participants to solve a specific puzzle while verbalizing their thoughts. The verbal protocols acquired through this method were analyzed to identify recurring patterns in the thought process. The puzzles were characterized by having an initial state and a clearly defined goal state that the problem solver needed to achieve. Between the initial state and the goal state, there existed several intermediate states, the quantity of which depended on the task's difficulty level. Newell and Simon (1972) observed that participants did not explore the entire problem space, as the number of states was often too vast to allow for complete exploration. Instead, participants utilized heuristics, strategies that enabled them to reduce the number of states they needed to explore to reach the final state. Heuristics, according to Newell and Simon, are practical guidelines that do not ensure problem resolution but are frequently effective and save time and effort. One of the key heuristics proposed by Newell and Simon was means-end analysis. This heuristic involved establishing a sub-goal to minimize the disparity between the current state and the goal state, and then choosing actions to achieve this sub-goal. Kotovsky, Hayes, and Simon (1985) identified another instance of imperfect rationality in problem-solving. Participants encountered challenges when attempting to solve problems that shared the same structure as the Tower of Hanoi but differed superficially.⁸²

Simon elucidates in his seminal work, *Administrative Behavior* (1997), in Chapter VI titled "The Equilibrium of the Organization," that the essence of organizational dynamics lies in the collective efforts of individuals within the organizational framework. These individuals strive to fulfil their personal needs and aspirations through active engagement in organizational activities. They willingly embrace their roles within the organization and adhere to its hierarchy as long as their involvement aligns with the pursuit of their individual interests. The concept of Organizational Equilibrium, therefore, hinges on establishing a symbiotic relationship between the incentives provided to individuals and their corresponding contributions to the organization.⁸³

⇒ Contingency Theory- Lawrence and Lorsch:

The contingency theory of organizations, as formulated by Lawrence and Lorsch, and based on the earlier research of Burns and Stalker, posits that the effectiveness of an organization is dependent on its structure aligning with the demands of its environment. The theory identifies three primary subsystems within an organization - marketing, economic-technical, and scientific - and suggests that the structure of each subsystem will adapt according to the level of predictability in its respective environment.⁸⁴ The

⁸¹ موسى اللوزي، التطوير التنظيمي (أساسيات ومفاهيم حديثة)، الطبعة الرابعة، دار وائل للنشر والتوزيع، الأردن، 2010، ص 33.

⁸² CAMPITELLI AND GOBET, Herbert Simon's Decision-Making Approach: Investigation of Cognitive Processes in Experts, Review of General Psychology, Vol. 14, No. 4, 2010, p 359.

⁸³ Simon, Herbert A. *Administrative Behavior: a Study of Decision-Making Processes in Administrative Organization*, 4th edition, New York: Free Press, 1997,.p 140-141.

⁸⁴ HELEN HOWARD, Ibid, p 481.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

overarching principle guiding the theoretical framework based on these discoveries posits that design choices are contingent upon environmental circumstances. Organizations that align their design and internal structures most effectively with the environmental demands they face are likely to achieve the greatest success.⁸⁵ To elucidate this methodology, the subsequent illustration is provided:⁸⁶

Four distinct entities have undergone assessment across five dimensions (sub-systems) and their contingency profile has been charted as illustrated below. Each entity under review has been designated with a letter (A, B, C, and D). The alignment of five dimensions (strategic, technological, human/cultural, structural, and managerial) sub-systems with the entities' environment has been scrutinized.

Organization 'A' operates within a stable environment and has chosen to implement a defensive strategy in order to safeguard its market position. This company excels in providing high-quality products in a cost-effective manner, allowing it to establish a strong presence in the market. Company 'A' utilizes mass production technology and follows a mechanistic structure in its operations and management. Employees are satisfied with their clearly defined roles, contributing to the smooth and effective functioning of the organization.

Organization 'B' operates within a highly volatile and dynamic industry, characterized by rapid changes in products and technologies with short life cycles. Consequently, the company must consistently explore novel ideas and prospects, perpetually seeking the next breakthrough. Central to its ethos is a relentless pursuit of innovation, leveraging its technological edge to maintain a pioneering position, mindful of potential encroachment by rival 'C' entities. Innovation serves as the bedrock and life force of this organization, attracting individuals who are willing to make substantial commitments to their craft, driven by intrinsic motivation and nurtured through an organic management approach. This organizational model demonstrates equilibrium both internally and in its external ecosystem.

Organization 'C' is currently navigating through a period of moderate change within its operational environment. Technological advancements are progressing steadily, and markets are undergoing continual transformation. The organization must stay abreast of these changes, analyze emerging patterns and trends, update production methodologies, and implement a stream of product enhancements. While it may not be at the forefront of innovation, its competitive edge lies in its ability to deliver the same or superior products in a cost-efficient manner. By adopting an efficient project-driven matrix structure, the organization is able to instill the necessary flexibility and dedication among its workforce.

In contrast, Organization 'D' serves as a prime illustration of a series of organizational-environment relationships where the strategic dimension, technology, organizational approach, and management style are misaligned with the prevailing environmental conditions and the overall mindset of the individuals within the organization ("Create and Protect").

The contingency theory posits that while organizations "A", "B", and "C" demonstrate alignment between their various sub-systems and the external environment, organization "D" is clearly at a disadvantage.

⁸⁵ Lars Groth, *Ibid*, p 12.

⁸⁶ HAROLD ITKIN and MIKLOS NAGY, *Ibid*, p 42-43.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Organization "D" is characterized as an inefficient structure within an under-optimized environment. This scenario is typical of a bureaucratic organization that prioritizes maintaining its market position over exploring new opportunities. Working in organization "D" may prove frustrating for employees seeking more stimulating, challenging, and rewarding roles than the current strategy, technology, organizational structure, and managerial approach permit.

This approach delves into the volatility of organizational phenomena stemming from the fluctuating behavioral attitudes of individuals influenced by group dynamics. Furthermore, it considers the dynamic nature of the organization's interactions as an open system impacted by environmental factors that vary in stability. The success and effectiveness of the organization are closely tied to its ability to adapt its structure to environmental variables and influences. The contingency approach highlights two primary categories of variables.

- *Environmental variables*: Incorporate environmental factors, technological advancements, and other relevant elements.
- *Structural variables*: These factors encompass the hierarchical arrangement, the scale of the organization, and the selection of the suitable configuration.⁸⁷

The primary organizational considerations that Lawrence and Lorsch focus on are "differentiation" and "integration." Differentiation pertains to the variations in formal structure, temporal objectives, and interpersonal orientations across the various departments within an organization, whereas integration denotes the perceived cohesion of efforts among said departments.⁸⁸

⇒ **Organizational Culture Approach:**

Organizational culture emerged as a prominent business trend in the early 1980s, catalyzed by the publication of four influential books.

- Ouchi's (1981) *Theory Z: How American Business Can Meet the Japanese Challenge*
- Pascale and Athos's (1982) *The Art of Japanese Management: Applications for American Executives*
- Deal and Kennedy's (1982) *Corporate Cultures: The Rites and Rituals of Corporate Life*
- Peters and Waterman's (1982) *In Search of Excellence: Lessons from America's Best Run Companies*.

While the notion of organizational culture gained prominence in the early 1980s, its origins can be traced back to the human relations perspective on organizations that emerged in the 1940s. Proponents of human relations theory believed that the informal, intangible, interpersonal, and ethical aspects of cooperation and dedication were potentially more significant than the formal, tangible, and utilitarian mechanisms

⁸⁷ خليل الشماع وخضير حمود، مرجع سابق ، ص 96-97.

⁸⁸ HELEN HOWARD, Ibid, p 481.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

emphasized by rational system theorists. The human relations approach was influenced by earlier anthropological and sociological studies on cultural dynamics within groups and societies.⁸⁹

In recent decades, some scholars and leaders in organizations have utilized the term to describe the atmosphere and protocols that organizations establish regarding their management of personnel, as well as the professed values and beliefs of an organization.⁹⁰ The term *organizational climate* pertains to "a unique combination of characteristics inherent to a specific organization, which can be inferred from the organization's interactions with its members and surroundings."⁹¹

Initially, culture was perceived as a tool for fostering internal cohesion and synchronization. However, the *Open System* perspective of organizations acknowledges that culture plays a crucial role in facilitating adaptation to the external environment.⁹² Within the realm of management literature, there is a prevailing notion that cultivating a strong organizational culture is imperative for achieving optimal performance outcomes. The general consensus is that the robustness of an organization's culture directly correlates with its effectiveness.⁹³ Schein (2004) posited that culture denotes a certain degree of structural stability within the group. Furthermore, he contended that culture endures even in the absence of certain individuals within the organization. The resistance to change in culture is attributed to the group members' appreciation for stability, as it offers significance and reliability.⁹⁴

The cultivation of organizational culture holds significant importance as a key component of *organizational development*. Given its close relationship to various organizational and administrative processes, it is widely recognized as a critical factor in shaping influence, thereby enabling organizations to gain a sustainable competitive edge.⁹⁵

⇒ Learning Approach:

Due to technological advancements, organizations now have the opportunity to acquire vast amounts of knowledge that should be leveraged to reach their desired objectives. This includes fostering growth, placing emphasis on intellectual assets, and generating innovative ideas to enhance operations through knowledge, enhanced comprehension, and the adept organization's capacity to develop, obtain, and transfer knowledge while adapting behaviors, embracing new perspectives, and enabling continuous enhancement. This also involves bolstering behavioral and organizational capabilities, particularly by consistently broadening human resources' capacity to achieve desired outcomes and deliver performance

⁸⁹ Özgür Önday, Organization Culture Theory: From Organizational Culture of Schein to Appreciative Inquiry of Cooperrider & Whitney, Elixir Org. Behaviour 92, 2016, p 39004.

⁹⁰ Edgar H.Schein, Organizational Culture And Leadership, Jossey Bass, 3rd edition, 2004, p 07.

⁹¹ Campbell, John P., et al, Managerial Behavior, Performance and Effectiveness, New York: McCraw-Hill, 1970, pp. 389-90.

⁹² Özgür Önday, Ibid, p 39005.

⁹³ Edgar H.Schein, Ibid, p 07.

⁹⁴ Ibid, p 14.

⁹⁵ شوقي ناجي جواد، السلوك التنظيمي في منظمات الأعمال، الطبعة الأولى، دار الحامد للنشر، الأردن، 2010، ص 230.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

that meets specified standards, fostering new and holistic modes of creative thinking that manifest in the organization's components and outcomes.⁹⁶

According to learning theorists, both information and experiences have a significant impact on learning within organizations. These experiences serve to transform abstract concepts into tangible, practical knowledge.⁹⁷ Kolb,⁹⁸ says that learning is a gradual process that transitions from tangible experiences to contemplative observation, followed by abstract conceptualization, and ultimately, active experimentation. This viewpoint implies a dynamic relationship between cognition and action.⁹⁹

Organizational learning is the process by which individuals and groups within an organization cultivate collective values and knowledge derived from prior experiences. Given the vast differences among organizations, it is of paramount importance to comprehend the factors that shape organizational learning.¹⁰⁰ Organizational learning can be characterized as a collective learning process facilitated by social interactions within groups and across organizational levels “whole organizations or their components adapt to changing environments by generating and selectively adopting organizational routines”.¹⁰¹ This implies that organizational learning leads to a heightened level of organizational knowledge, capable of instigating novel transformations within the organization. Organizational learning establishes the essential prerequisites for strategic revitalization that harmonizes the elements of continuity and change within the organizational framework. “Renewal requires that organizations explore and learn new ways while concurrently exploiting what they have already learned”.¹⁰² Simon (1969) delineated organizational learning as the progressive discernment and adept reconfigurations of organizational challenges by individuals, manifested in the structural components and achievements of the organization.¹⁰³

The organizational learning approach is paramount to achieving organizational success, with a primary focus on the collective learning process. Easterby-Smith and Araujo (1999) posit that the examination of

⁹⁶ خيرة عيشوش و نصيرة علاوي، دور المنظمات المتعلمة في تشجيع عملية الابداع، الملتقى الدولي حول رأس المال الفكري في منظمات الأعمال العربية في الاقتصاديات الحديثة يومي 13-14 ديسمبر 2011، جامعة الشلف، الجزائر، ص 3-4.

⁹⁷ S. Agarwal (2012) in: Jamshid Ali Turi Et all, Theoretical and Historical Prospective of Organizational Learning, International Journal of Engineering & Technology, 7 (4.28), (2018), p 182.

⁹⁸ A. Kolb (2009) in: Jamshid Ali Turi Et all, Theoretical and Historical Prospective of Organizational Learning, International Journal of Engineering & Technology, 7 (4.28), (2018), p 182.

⁹⁹ J. Caple and P. Martin (1994) in: Jamshid Ali Turi Et all, Theoretical and Historical Prospective of Organizational Learning, International Journal of Engineering & Technology, 7 (4.28), (2018), p 182.

¹⁰⁰ Alice Kurgat and Winnie T. Chebet and Jacob K. Rotich, BEHAVIOUR MODIFICATION AND ORGANIZATIONAL DEVELOPMENT: REVISITING THE THEORIES OF LEARNING, European Journal of Psychological Research, Vol. 2 No. 1, 2015, Page 36 .

¹⁰¹ Argyris, C. (1999), On organizational learning, 2nd Edition. Oxford, UK, Blackwell Business, p 08.

¹⁰² Crossan, M.M., Lane, H.W. & White, R.E. (1999). An organizational learning framework: from intuition to institution. *Academy of Management Review*, 24(3), p 522.

¹⁰³ C. MARLENE FIOR and MARJORIE A. LYLES, Organizational Learning, *Academy of Management Review*, 1985, Vol. 10, No. 4, p 803.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

learning organizations centers on normative frameworks aimed at fostering enhancements in learning procedures.¹⁰⁴

Peter Senge introduces a refined perspective on Organizational Development initiatives, placing emphasis on collective learning as a pivotal element. The contemporary notion of *Organizational Development* revolves around the concept of learning organizations, with Senge asserting that the group constitutes the fundamental unit and driving force behind organizational learning. He further posits that group learning involves the strategic orchestration and cultivation of the collaborative efforts within work teams to realize the desired outcomes envisioned by team members. This vision is rooted in the cultivation of a shared purpose and individual creativity. The work team is dedicated to identifying optimal practices, enhancing communication channels, and fostering a collective capacity to effectively carry out tasks through unified efforts, thereby transitioning from mere team building to a culture of continuous team learning.¹⁰⁵

1.5 Organizational Development Interventions:

The term *Organizational Development Intervention* Refers to the array of structured program activities in which clients and consultants participate during an organizational development program. These activities are crafted to enhance the organization's performance by empowering its members to effectively oversee both their team and the organizational culture. Organizational development interventions influence the constantly evolving technology - methodologies and strategies - employed in organizational development practice. Familiarity with the intervention tools in organizational development and comprehension of the reasoning behind the implementation of different interventions greatly enhance one's grasp of the philosophy, assumptions, nature, and procedures involved in organization development.¹⁰⁶

The initial step involves identifying the problem at hand and determining the most appropriate intervention to address it. Subsequently, an action plan is meticulously crafted. The process of Organizational Development (OD) is delineated as follows:

1. **Establishing need for intervention:** In this initial phase, the organization is examined through various methods such as interviews, group discussions, and surveys to determine if any issues necessitating management intervention exist.
2. **Establishing cause and identifying intervention:**

Once the problem has been identified, the root causes and perpetuating factors are determined. Through thoughtful analysis of these underlying causes and factors, an appropriate intervention is then pursued.

¹⁰⁴ Ibid, p 36.

¹⁰⁵ سيد محمد جاد الرب، ادارة الموارد الفكرية و المعرفية في منظمات الأعمال العصرية، دون طبعة، مطبعة العشري، مصر، 2006، ص 10-12.

¹⁰⁶ Wendell I. French and Cecil H. Bell (1978) , Organization Development : Behavioral Science Interventions for Organization Improvement, Prentice- Hall Ink, Second Edition, P 101

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

3. **Planning the intervention:** Here, various strategies are being devised to tackle the root causes and upkeep of the issue.

4. **Implementing intervention:** A specialized committee comprising senior executives and key stakeholders is established to steer the transformation process. Typically, this follows a hierarchical approach.

5. **Evaluation:** This involves evaluating whether the program has successfully achieved the intended objectives. If not, the program will undergo a redesign..¹⁰⁷

There are three types of interventions that an organization should identify and plan to implement, as follows:

Individual: This should be of concern to individual employees.

Group: This should be of concern to work teams.

Organization: This pertains to the entire organization - encompassing its policies, operational methods, and overall culture.

OD interventions can be classified in various manners. One prevalent classification consists of three overarching types of OD interventions, aligning with the micro individual/employee level, the group/departmental level, and the macro organizational level.¹⁰⁸

3.5.1 Group-Level Interventions

Collective-level interventions can be defined as strategic and organized methods that primarily target cohorts of employees within companies and the mechanisms by which they achieve corporate objectives.¹⁰⁹

The process of interventions can be categorized into four main areas: human processes, strategic interventions, human resource management, and techno-structural interventions.¹¹⁰

⇒ **Human-Processes Interventions:**

Human process intervention centers around the individuals involved and the various organizational processes (such as communication, problem-solving, and decision-making) they utilize to achieve both personal and organizational objectives. This approach to Organizational Development (OD) is deeply rooted in academic disciplines like psychology, social psychology, and anthropology, as well as in practical fields like group dynamics and the human relations movement. Change agents who adopt a human process orientation typically prioritize human satisfaction and anticipate that enhanced organizational effectiveness will result from improved human functioning and processes.¹¹¹

¹⁰⁷ Anamika Das (2019), Interventions for Organisational Development, Educational Quest: An Int. J. of Education and Applied Social Science, Vol. 10, No. 3, pp. 107-118, August 2019, 108.

¹⁰⁸ Singh, R., Ramdeo, S. (2020), Leading Organizational Development and Change, Palgrave Macmillan, Cham, Switzerland, p 22.

¹⁰⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 23.

¹¹⁰ Gummings, T. G., & Worley, C. G. (2009), Organization development and change (9th ed.), Mason, OH: South-Western, p 154.

¹¹¹ Friedlander F, Brown D. (1974). Organizational development. Annual Review of Psychology , 25,p 325.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

The six subgroups of human-process interventions consist of Diagnostic Activities, experiential learning programs, involvement in decision-making processes, Management by Objectives (MBO), Group Development, Intergroup Activities, realistic job previews (RJPs), Grid OD, and survey feedback.

Diagnostic Activities:

Investigative endeavors aimed at determining the condition of the system, the nature of the issue, and the overall status quo. Various approaches are at one's disposal, from sophisticated projection tools to conventional data-gathering techniques like interviews, questionnaires, surveys, and discussions.¹¹²

Laboratory Training:

The laboratory training sessions typically span four to five days and are attended by all individuals within a specific team or department. These sessions are primarily focused on processes rather than individual tasks. The main objectives of these sessions are to pinpoint challenges encountered by the team or its members, devise effective solutions, and establish implementation strategies. Additionally, human relations training and sensitivity training, such as T-groups, are also encompassed within the realm of laboratory training.¹¹³

Participation in decision-making:

Participation Employee involvement is a process that enlists workers in the resolution of organizational challenges. It is widely acknowledged that this involvement can take the form of direct participation or indirect engagement through designated representatives, and can range from mere consultation to being entrusted with decision-making authority.¹¹⁴ Previous justifications for employee participation often revolved around the belief that employees would be more inclined to support decisions that they had a hand in making. However, the current rationale for participation has evolved, with a broader understanding of the role employees play in the process. Specifically, there is now a greater emphasis on employees engaging in discussions about their organizations and providing valuable insights that will aid in the organization's strategic planning and issue resolution. This shift is evident in the responsibilities assigned to employees in large-scale interventions, where they are expected to critically analyze and share knowledge regarding the organization's history and future direction.¹¹⁵

Survey Feedback:

Survey Feedback entails the collection of data from individuals within an organization, followed by a thorough analysis and targeted dissemination of the findings back to the organization's members. The data is typically organized into tables for each specific work group within the organization, as well as for various group combinations, encompassing the entire organization as a whole. Subsequently,

¹¹² Wendell I. French and Cecil H. Bell (1978), *Ibid*, p 107.

¹¹³ GEORGE A. NEUMAN ET AL (1989), ORGANIZATIONAL DEVELOPMENT INTERVENTIONS: SATISFACTION AND OTHER ATTITUDES A META-ANALYSIS OF THEIR EFFECTS ON, PERSONNEL PSYCHOLOGY, 42, p 463.

¹¹⁴ Tjosvold D. (1985). Dynamics within participation: An experimental investigation. *Group and Organizational Studies*, 10, p 261.

¹¹⁵ AUSTIN AND BARTUNEK, *Ibid*, P 319.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

organization members are offered guidance in deciphering the survey results during a workshop conducted after the survey.¹¹⁶ The intervention has evolved from conventional attitude surveys conducted among employees and then relayed to management; in recent times, the results have also been shared with the employees themselves, partly to secure their participation in upcoming research endeavours. This feedback now serves distinct organizational development objectives as well, under the belief that disparities between organizational values and the actual survey responses will inspire a drive for transformation.¹¹⁷

Management by Objectives (MBO):

Odiorne (1965) defined *management by objectives (MBO)* as “a process whereby the managers and subordinates of an organization jointly identify its common goals, define each individual’s major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.”¹¹⁸

By implementing interventions rooted in Management by Objectives (MBO) principles, organizations and their employees can attain enhanced role clarity, heightened job satisfaction, and a method for assessing job performance. When objectives are collaboratively established and clearly outlined, employees are equipped with a clear understanding of what is expected of them, enabling them to strategically plan their actions accordingly. Clear delineation of roles and goals facilitates the efficient utilization of organizational resources, minimizing wastage. Through ongoing feedback and the measurement of performance in relation to objectives, employees can cultivate job-specific skills and improve their overall efficiency. Furthermore, these practices can significantly enhance motivation, job satisfaction, and facilitate the identification and removal of underperforming individuals. Job satisfaction is derived from the gratification of a job well done and the positive recognition received for one's efforts.¹¹⁹

MBO prioritizes the delineation of work goals, tracking of achievements, recognition of goal achievement, and involvement in establishing and evaluating work objectives.¹²⁰

Management by Objectives (MBO) posits that employee engagement within an organization can significantly enhance motivation levels. From the highest echelons to the lowest ranks of the organization, individuals are encouraged to engage in dialogue regarding their responsibilities, challenges, skillsets, and aspirations, ultimately fostering the development of a collaborative rapport

¹¹⁶ NEUMAN ET AL (1989),Ibid, P 464.

¹¹⁷ Friedlander F, Brown D. (1974), Ibid, P 326.

¹¹⁸ Odiorne GS. (1965), *Management by objectives-A system of managerial leadership*, New York: Pitman, pp 55-56.

¹¹⁹ Anamika Das (2019), Ibid, p 109.

¹²⁰ RICHARD A. GUZZO, RICHARD D. JETTE, RAYMOND A. KATZELL, THE EFFECTS OF PSYCHOLOGICALLY BASED INTERVENTION PROGRAMS ON WORKER PRODUCTIVITY: A META-ANALYSIS, *PERSONNEL PSYCHOLOGY, INC*, vol 38, n 2, 1985, p 277.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

rooted in mutual trust. A key benefit of this approach is its capacity to establish an impartial framework for evaluating performance in relation to goal attainment. ¹²¹

Group Development:

Beer (1974) categorizes various methodologies for group development based on the key areas, they address: (a) initiatives focused on goal-setting to define clear objectives for the team; (b) efforts to enhance interpersonal relationships among team members; (c) activities aimed at analyzing roles to improve understanding of individual responsibilities; and (d) the implementation of the "Managerial Grid" group development strategy to ready the group for subsequent stages in the grid OD program. ¹²²

a) Planning and Goal Setting Activities:

According to French and Bell (1978) *Planning and Goal Setting Activities* is: “ Activities that include theory and experience in planning and goal setting, use of problem-solving models, planning models, ideal organization versus real organization "paradox" models, and the like. The goal of all of them is to improve these skills at the level of the individual, the group and the overall organization “. ¹²³

b) Interpersonal Relations Development:

Interventions focused on inter-group relations acknowledge that modern organizations consist of various work groups, highlighting the necessity of deliberate strategies to enhance the interconnectedness and collaboration between these distinct entities. Inter-group relations encompass the dynamic interactions that occur among different groups or departments within organizational settings. ¹²⁴

The intricate inter-group relations theory was formulated by Clayton Alderfer in the 1980s to explore the dynamics of groups within a larger system. Alderfer posited that inter-group relations are distinguished by group delineations, hierarchical power dynamics, emotional dynamics, cognitive structures, and leadership practices. Within the context of the workplace, various groups, subsystems, or microgroups engage in interactions with one another, all while being intricately interwoven within the broader organizational structure or suprasystem. This interconnectedness fosters a mutually influential relationship where the subsystems impact the suprasystem and vice versa. ¹²⁵

The capacity to diagnose and comprehend inter-group dynamics is crucial within the realm of organizational development for three primary rationales:

- ⇒ Organizations frequently collaborate with and leverage the resources of other entities in order to achieve their objectives.

¹²¹ Anamika Das (2019), Ibid, p 109.

¹²² Friedlander F, Brown D. (1974), Ibid, P 328.

¹²³ Wendell I. French and Cecil H. Bell (1978), Ibid, p 109.

¹²⁴ Singh, R., Ramdeo, S. (2020), Ibid , p 82-83.

¹²⁵ Alderfer, C.P. 1987. An intergroup perspective on group dynamics. In Handbook of Organizational Behavior, ed. J. Lorsch, 190–219. Englewood Cliffs: Prentice-Hall.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ Factions within the organization frequently give rise to challenges and impose requirements on one another, resulting in inter-group conflict.
- ⇒ The caliber of intergroup relationships can significantly impact the effectiveness of an organization.¹²⁶

Gumming and Worley (2015) posit that *Interpersonal Relations Development* encompasses the implementation of three key interventions:¹²⁷

1. Process consultation. This intervention centers around interpersonal relationships and social interactions within work teams. In general, a process consultant assists team members in assessing the functioning of the group and developing suitable remedies for process-related issues, such as dysfunctional conflicts, inadequate communication, and ineffective norms. The objective is to empower members with the skills and knowledge needed to independently identify and resolve problems.

2. Third-party intervention. This transformative approach involves process consultation targeted at dysfunctional interpersonal relationships within organizational settings. Interpersonal conflicts can arise from either substantive matters, like disagreements regarding work methodologies, or from relational issues, such as communication breakdowns. The external mediator assists individuals in resolving conflicts by employing strategies such as problem-solving, negotiation, and reconciliation.

3. Team building. This intervention enhances the efficiency of work groups in achieving their objectives. In a similar vein to process consultation, team building assists members in analyzing group dynamics and creating resolutions for issues. Nonetheless, it delves further into assessing the group's objectives, individual roles within the group, and methodologies for task execution. Additionally, the consultant may serve as a knowledgeable source providing expertise relevant to the group's objectives.

The impact of team-building activities has been systematically examined by numerous researchers. Argyris (1962) and Harrison (1962) present interview, observation, and questionnaire data from three groups of managers, two of which underwent T group training while the other served as a comparison group. Although the study was primarily exploratory and had some methodological limitations, the data indicated that changes in values and behaviors among participants did occur. In a subsequent investigation, Argyris (1965) provided training to an executive group to enhance their "interpersonal competence"; analysis of time series data from tape recordings suggested that the training influenced the behavior of executives during meetings, although there was only anecdotal evidence supporting a link between the modified behavior and improved effectiveness. In a more extensive study, Friedlander (1967) discovered that four teams that received training reported significantly higher levels of group effectiveness, mutual influence, personal involvement, and participation compared to the eight control groups.¹²⁸ Gummings and Worley (2009) note that this type of intervention “can be used at any time but

¹²⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 83.

¹²⁷ Gummings, T. G., & Worley, C. G. (2009), *Organization development and change* (9th ed.), Mason, OH: South-Western, p 156-158.

¹²⁸ Friedlander F, Brown D. (1974), Ibid, P 328.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

is particularly useful when the organization is under stress and when there is a gap between the top and the rest of the organization” .¹²⁹

c) role Negotiation:¹³⁰

It is a potent intervention in which individuals resist altering their behavior out of fear that such changes will result in a loss of authority or control. The concept of role negotiation was initially introduced by Roger Harrison, who defined it as a collaborative process through which parties discuss modifying specific behaviors in order to enhance their overall effectiveness and efficiency in their respective roles. (Harrison, 1972) asserted that this entire methodology is predicated on an assumption that “When people sense some kind of unresolved conflict they tend to prefer negotiated settlement and to achieve a particular solution they tend to invest time and also indulge in making certain concessions.” Therefore, he outlined the subsequent procedural steps for this methodology.

1) **Contract setting**- The OD consultant establishes the atmosphere in which individuals will engage in written discussions regarding the behaviors they plan to alter or uphold. It is crucial to uphold a quid pro quo arrangement, ensuring that neither party modifies their behavior until the other party agrees to adjust specific behaviors.

2) **Issue diagnosis**- Each participant will complete an issue diagnosis form in which they articulate their desired modifications, as well as behaviors they wish to remain unchanged. Correspondences are then shared and displayed on a chalkboard or newsprint for collective viewing.

3) **Influence trade or negotiation period**- People engage in discussions and reach a mutual agreement to modify their specific behaviors. The negotiation process concludes once all parties are content with the changes being made to their behavior, as well as the reciprocal adjustments being made by others as desired.

The process concludes once all agreements have been finalized and documented. A follow-up meeting is then scheduled at a later date to evaluate the efficacy of the established contracts. This approach proves to be highly beneficial and efficient, particularly in cases where individuals are reluctant to make changes due to perceived loss of control or authority.

d) Grid OD:

Initiated and standardized by Robert Blake and Jane Mouton, the six-phase change model encompasses the entire organization. Internal resources are cultivated to oversee the majority of the initiatives, which typically span a duration of three to five years. The model commences with enhancing the skills and leadership qualities of individual managers, progresses to activities aimed at enhancing team dynamics, and subsequently advances to activities focused on improving intergroup relations. Subsequent phases

¹²⁹ Gummings and Worley (2009), Ibid, p 276.

¹³⁰ RRK Sharma and Shivangi Rai (2021), Relating OD (Organizational Development) Interventions to Strategy, Proceedings of the International Conference on Industrial Engineering and Operations Management Bangalore, India, August 16-18, 2021, p 33.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

encompass strategic corporate planning for enhancement, devising implementation strategies, and culminating in an evaluative phase that assesses the transformation in organizational culture while also considering future trajectories.¹³¹

Organization confrontation meeting

The organizational conclave devised by Richard Pickhard is a comprehensive one-day gathering of the entire management team, aimed at assessing the overall well-being of the organization.¹³² An organizational confrontation meeting entails the implementation of strategic change methodologies, aimed at galvanizing members of the organization to pinpoint issues, establish objectives for action, and initiate efforts to address said issues.¹³³ In a sequence of endeavors, the executive team gathers data regarding its significant challenges, scrutinizes the root causes, formulates strategies to address the issues, and coordinates the implementation of corrective measures.¹³⁴ It centers on mobilizing the problem-solving capabilities of a significant subsystem or entire organization by motivating organizational members to recognize and address critical organizational issues. This fosters employee engagement and empowerment.¹³⁵

This intervention is crucial in the advancement of the organization, as it serves as a rapid, straightforward, and dependable method to gather information about the organization and formulate strategies for enhancing organizational effectiveness.¹³⁶

The following delineates the standard procedures for the organizational confrontation meeting.¹³⁷

- ⇒ A gathering is orchestrated with all pertinent stakeholders. During this assembly, the objective is to pinpoint the challenges impacting the operational atmosphere. The composition of the company will dictate the key individuals in attendance. For example, the session may encompass select departments within the organization, or alternatively, a strategic business entity like a product division.
- ⇒ The individuals are divided into cohorts consisting of six to ten individuals, with each cohort deliberately composed of a diverse mix of members from various departments or divisions.
- ⇒ Each group will be allocated a designated table. The consultant should provide a comprehensive briefing to the attendees, facilitating an environment where individuals feel empowered to candidly voice and exchange their perspectives on organizational matters. It is imperative that the consultant circulates throughout the room during the discussions to reinforce this notion.

¹³¹ French and Bell (1978), *Ibid*, p 108.

¹³² French and Bell (1978), *Ibid*, p 150.

¹³³ Singh, R., Ramdeo, S. (2020), *Ibid*, p 86.

¹³⁴ French and Bell (1978), *Ibid*, p 150.

¹³⁵ Singh, R., Ramdeo, S. (2020), *Ibid*, p 86.

¹³⁶ French and Bell (1978), *Ibid*, p 150.

¹³⁷ Singh, R., Ramdeo, S. (2020), *Ibid*, p 86.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ The participants are allocated a specific time frame, such as two hours, to partake in substantive dialogues. A designated representative within each group is tasked with articulating the key concerns on behalf of the entire group.
- ⇒ The consultant is advised to assign sequential numbers to each table, from which a random selection will be made at the conclusion of the designated time period for the presentation of their respective concerns to the entire group..
- ⇒ Upon the conclusion of the presentations, each group must provide the consultant with a comprehensive list of the identified issues.
- ⇒ The primary motifs are discerned based on the classification of issues.
- ⇒ Task forces are assembled based on specific categories. The composition of these task forces should align with the nature of the problem at hand. The groups work together to craft objectives and action plans, setting clear timelines for implementation.
- ⇒ Regular evaluations are carried out to evaluate advancement and implement necessary adjustments. Comprehensive progress reports may be presented to senior leadership to monitor the group's progression in resolving the matter.

Intergroup Activities:

Intergroup development interventions The strategies utilized to transform relationships and address conflicts in real-world scenarios involve the exchange of information, addressing discrepancies, and reaching mutual understanding. The prototype model necessitates groups to compile their own perceptions, the perceptions they believe the other group holds of them, and then utilize this information to foster improved mutual understanding and establish plans for future actions. Although initially conceived by Blake and his associates, this design has been widely adopted and endorsed by numerous individuals. ¹³⁸

These interventions are tailored to enhance the dynamics among diverse groups or departments within organizations. The microcosm group intervention consists of a select group of individuals whose experiences closely align with the organizational issues at hand. This group collaboratively identifies the problem and devises strategies to resolve it. The intergroup conflict model usually entails a consultant facilitating the process of two groups comprehending the root causes of their conflict and selecting suitable resolutions. ¹³⁹

Alderfer and Smith (1982) delineate six essential procedures for carrying out intergroup research within organizations: (1) initial consultations, (2) establishment of microcosm groups, (3) interviews within and between groups, (4) formulation and pilot testing of an in-depth questionnaire, (5) distribution of the questionnaire, and (6) provision of feedback to the microcosm groups. ¹⁴⁰

¹³⁸ Friedlander F, Brown D. (1974), *Ibid*, P 330.

¹³⁹ Gummings and Worley (2009), *Ibid*, p 158.

¹⁴⁰ Clayton P. Alderfer and Ken K. Smith (1982), *Studying Intergroup Relations Embedded in Organizations*, *Administrative Science Quarterly*, Vol. 27, No. 1 (Mar., 1982), P 41-46.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

a) Preliminary Interviews :

The researcher initiates a sequence of interviews with individuals who are affiliated with the groups under consideration for study. These initial interviews encompass a combination of open-ended inquiries to gather insights into group dynamics and intergroup relations within the framework, as well as targeted questions aimed at identifying individuals capable of offering additional viewpoints.

b) Microcosm-Group Formation :

Parameters for microcosm groups are established through a collaborative process between researchers and members of the organization. It is essential to first establish whether the emphasis of the study will be on organizational groups, identity groups, or both. Following this, a decision must be made regarding the particular inter-group dynamics that will be examined.

Members of the microcosm group should consist of individuals who are willing volunteers eager to participate in the research endeavor. Volunteering is crucial as the level of motivation required for this approach to be successful cannot be solely generated by peer election, hierarchical authority, or knowledge of the researchers' reputation.

Typically, it is advisable for a microcosm group to consist of no more than twelve individuals, as exceeding this number may hinder the members' capacity to engage in direct interactions. The establishment of boundaries for the microcosm group can be facilitated by ensuring that the group's presence is publicly acknowledged. In order to maintain permeable boundaries for the group, arrangements should be in place to facilitate communication between the microcosm group and other organizational entities, as well as to allow for the periodic rotation of members.

c) Group and Intergroup Interviews :

Once the microcosm group is established and its purpose in the research is understood by all participants, or if it is determined that forming a microcosm group is not feasible, the intergroup dynamics within the system can be thoroughly examined through group and intergroup interviews. The interviews initially involve members of the microcosm group, and if necessary to gain a more comprehensive insight into specific phenomena, they may be expanded to include other individuals and groups within the system. This approach allows for the enrichment of data gathered from the microcosm group through insights obtained from additional sources, or for addressing the absence of a microcosm group.

The ideal number of participants for a group interview is six to eight, a quantity that is sufficiently substantial to elicit the impacts of group dynamics while also being modest enough to reduce the level of rivalry for speaking opportunities. The most basic type of group interview involves assembling individuals who share a collective identity or affiliation, yet lack a hierarchical connection. The facilitator of the group interview commences the session by elucidating the objectives of the meeting, the rationale behind the selection of participants, the issue of confidentiality, and their expectations regarding the collaborative efforts of the group.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

d) Organic Questionnaire Development and Pretesting :

An organic questionnaire is meticulously crafted to align with the specific language and cultural nuances of the targeted group. On the other hand, a standardized questionnaire is designed to be universally applicable across diverse groups, regardless of their unique languages and cultures. The organic questionnaire is developed based on insights and emotions revealed in initial one-on-one interviews, small group discussions, as well as larger group and intergroup dialogues. This type of questionnaire typically includes a series of statements provided by organizational members, which respondents are then asked to evaluate using standardized response scales.

The primary benefit of utilizing the organic questionnaire as opposed to standardized questionnaires lies in its ability to increase respondent engagement and diminish the psychological gap between researchers and respondents. However, a notable drawback of the organic questionnaire is its high cost, as a distinct questionnaire must be created for each intergroup study.

e) Questionnaire Administration :

Surveys are most efficiently conducted in groups consisting of approximately 20 individuals. According to intergroup theory, a designated microcosm-group representative should be present to authenticate the research process and address inquiries from members within their own groups. A survey serves as an interaction across group boundaries between an external researcher and internal respondents. All the dynamics inherent in any intergroup interaction, which may result in the dissemination of inaccurate information, will be evident during a survey session. The inclusion of microcosm-group members in the session facilitates a more fluid boundary between the researcher and the organization. These members have contributed insights to the survey instrument, completed the questionnaire themselves, and aided in refining it as an effective tool for individuals to communicate about organizational circumstances. They comprehend the objectives of the instrument and have assessed the credibility of the researcher. Their communication of these evaluations enhances the research process.

f) Feedback to the Microcosm Group:

The microcosm cohort can prove to be extremely beneficial in formulating ideas that enhance the significance of the collected data. The principles and methodologies of data feedback should be utilized to influence the manner in which the data is disseminated to the microcosm group. In certain instances, it may be appropriate to initially divide the microcosm group into its smaller constituent identity or organizational subunits before providing them with the data. Conversely, in other cases, it may be appropriate for all members of the microcosm group to collectively analyse the data to reveal the dynamics at play through intergroup representation. The microcosm group offers a secure and controlled environment for effectively exploring the validity and implications of the data. In the event of conflicts, the commitments established among members during the formation of the microcosm group can assist in comprehending and resolving conflicts in a constructive manner. The microcosm group's engagement with the research findings can potentially yield insights into how the data reflects uncharted group boundaries, power dynamics within the organization, group identities, and memberships, nuanced

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

differences in cognitive structures, and hidden emotional patterns. Understanding these variables will significantly contribute to the development of theories and concepts that transcend easily observable data.

Large-group interventions.

These interventions entail convening a diverse group of stakeholders in a substantial gathering to elucidate crucial values, to innovate new methodologies, to articulate a fresh vision for the organization, or to address urgent organizational issues. These gatherings serve as potent instruments for raising awareness of organizational challenges and possibilities, as well as for delineating esteemed pathways for forthcoming initiatives.¹⁴¹ Numerous large-group interventions are aimed at facilitating significant change, operating under the premise that a critical mass of influential organization members must be involved in transformative initiatives to successfully reshape the system. Filipczak (1995) highlighted that common objectives of these interventions encompass altering business strategies, crafting a long-term mission or vision for the company, cultivating a more collaborative atmosphere, and implementing initiatives like self-managed work teams or organizational reengineering.¹⁴² Two Paramount large-scale interventions are: .

a) Search Conferences: ¹⁴³

Exploration gatherings epitomize one of the most ancient forms of extensive interventions. Originating in England by Emery and Trist (1973) during the 1960s, they were further refined by Emery and Purser (1996). These gatherings have been implemented in various countries. Exploration gatherings consist of multiple stages, each consisting of various elements. Initially, participants collaborate to share their perspectives on significant environmental changes impacting their organization. Subsequently, they delve into the historical, present, and future aspects of their organization, culminating in the creation of a collective vision rooted in participants' aspirations for a more desirable future. The objective is to formulate enduring strategies that bolster the system's ability to adapt to evolving environmental pressures. In the concluding phase, participants devise action plans, next steps, and tactics to address the environmental challenges.

b) Workout :

Workout is an innovative process pioneered at General Electric with the objective of enabling employees to effectively address and resolve issues without the need to navigate multiple hierarchical layers. It has proven to be highly successful at GE, leading to its adoption by numerous other organizations. The Workout sessions entail a series of precise steps. Initially, a manager presents a problem to a group

¹⁴¹ Gummings and Worley (2009), Ibid, p 158.

¹⁴² AUSTIN AND BARTUNEK, Ibid, P 316.

¹⁴³ AUSTIN AND BARTUNEK, Ibid, P 317.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

comprising individuals possessing expertise relevant to the issue at hand. Subsequently, the manager exits the scene, allowing the employees to collaborate for approximately two days on devising solutions to the problem. Upon the manager's return, the employees present their proposals for resolving the issues. At this point, the manager must promptly either approve, reject, or request additional information on the proposals. If further information is requested by the manager, the subsequent process for decision-making must be clearly outlined. The Workout framework explicitly prohibits any form of blame or complaint. Employees dissatisfied with any aspect of the process are tasked with formulating a recommended action plan and then taking the initiative to implement it. ¹⁴⁴

1.5.2 Organizational-Level Interventions

Organizational-level interventions can be characterized as deliberate, methodical strategies strategically aimed at enhancing the operation of an entire system. These interventions aim to synchronize the organizational subsystems in order to accomplish strategic objectives in the medium and long term. ¹⁴⁵

⇒ **Technostructural Interventions:**

Technostructural approaches in Organizational Development pertain to theories and interventions focused on the technological aspects (such as task methods and processes) and the structural components (including relationships, roles, and arrangements) within an organization. These approaches are grounded in disciplines such as engineering, sociology, psychology, economics, and open systems theory. ¹⁴⁶ It defined as " the broad class of interventions or change efforts aimed at improving organization effectiveness through changes in the task, structural, and technological subsystems" The activities could involve (1) exploring novel organizational structures and assessing their efficacy in achieving specific objectives, or (2) developing innovative approaches to leverage technical assets in problem-solving. ¹⁴⁷

These activities encompass various methods of enhancing job satisfaction, implementing management goals, integrating sociotechnical systems, establishing collateral organizations, and implementing physical environment interventions.

Sociotechnical interventions:

Sociotechnical systems and job design have evolved as a response to, and a departure from, two earlier and still relevant perspectives on change: (a) scientific management and industrial engineering, which primarily address the physical work environment and physiological needs of employees; and (b) psychology and social psychology, which primarily focus on the interpersonal relationships and individual needs of workers. Advocates of sociotechnical systems and job design critique the mechanistic treatment of social groups and individuals in the physical approach, and the neglect of organizational technology or the assumption of its unchangeability in the psychological approach. Furthermore, it is argued that both perspectives view the organization as a closed system, addressing internal issues in a

¹⁴⁴ AUSTIN AND BARTUNEK, Ibid, P 317.

¹⁴⁵ Singh, R., Ramdeo, S. (2020), Ibid , p 23.

¹⁴⁶ Friedlander F, Brown D. (1974), Ibid, P 320.

¹⁴⁷ French and Bell (1978), Ibid, p 106.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

fragmented manner and overlooking the crucial connections between the organization and its external environment.¹⁴⁸

The socio-technical systems approach originated at the esteemed Tavistock Institute of Human Relations in London during the 1940s and 1950s, subsequently expanding to numerous industrialized nations within a span of just over fifty years.¹⁴⁹ These endeavors have typically aimed to enhance the alignment between the technology, infrastructure, and interpersonal dynamics within a specific operational entity in a mine, factory, or office setting.¹⁵⁰

One of the initial studies took place in the British coal mining industry, where consultants and researchers discovered that by reinstating a collaborative team approach to coal mining, broadening the range of responsibilities, and offering incentives to motivate teams, various advantages were observed. These benefits included enhanced productivity, safety, and morale. A similar experiment was carried out in a textile factory in India, utilizing a more streamlined scope of work and semi-autonomous work groups, resulting in positive outcomes. Further investigations and studies were conducted with semi-autonomous work groups in Norway, Sweden, and the United States..¹⁵¹

In Europe, especially in Scandinavia, the integration of *socio-technical* system strategy and interventions is closely associated with work design and employee engagement. Conversely, in Canada and the United States, as opposed to Nigeria, socio-technical system concepts form the foundation of numerous cutting-edge work designs and team-oriented structures commonly found in modern organizations.

The socio-technical systems theory currently stands as the most comprehensive body of scientific and applied research supporting employee engagement and the innovative design of organizational development strategies. *Socio-technical* system design interventions, akin to structural change approaches, primarily focus on restructuring the way teams operate. The fundamental objective is to establish autonomous groups across the organization that have the ability to self-regulate and oversee their own activities.¹⁵²

Job Design:

Job design, which involves intervening in a task subsystem, has long been a focal point for consultants, dating back to the era of Frederick Taylor and the 'scientific management' movement. In recent times, there has been a shift in focus towards concepts like "*job enlargement*" and, more recently, "*job enrichment*". While these may overlap with organization development interventions, they are not always synonymous. It is worth noting that certain aspects of scientific management, such as work streamlining, can also be associated with *organizational development*.¹⁵³

¹⁴⁸ Friedlander F, Brown D. (1974), *Ibid*, P 320.

¹⁴⁹ Shaffer, R. (2000). Principles of organization development. American Society for Training and Development, 5(3), 150-165.

¹⁵⁰ French and Bell (1978), *Ibid*, p 170.

¹⁵¹ *Ibid*, p 170.

¹⁵² Shaffer, R. (2000), *Ibid*.

¹⁵³ French and Bell (1978), *Ibid*, p 167.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

The term "job design" has historically been associated with advancements in the United States, most notably those originating from the University of California at Berkeley. Studies on job design have aimed to alter the arrangement of technology, such as task designs and job assignments, and to investigate the impact of these modifications on individual, social, and organizational aspects.¹⁵⁴ Similar to the sociotechnical systems approach, job design and enlargement revolve around enhancing both the technical components of a job and the social frameworks that underpin it. These strategies aim to boost satisfaction and performance by incorporating elements such as increased diversity, autonomy, feedback, sense of belonging, and accountability for the entire task fulfillment.¹⁵⁵ Cummings and Worley (2009) suggest that integrating the social and technical components of a job can significantly enhance employee satisfaction and improve organizational effectiveness. Over the course of four years at Metro County, technological advancements were implemented, such as the procurement of advanced investigative tools, the establishment of a centralized regional communications center responsible for dispatching services to 47 agencies, the integration of computer technology, and the creation of computerized models for budget planning.¹⁵⁶

a) Job Rotation:

The concept of *Job Rotation* pertains to the reallocation of specializations and functions, as well as the division of work. It was the initial strategy employed by organizations following the failure of the mechanistic model in design. The practice of *Work Rotation* involves shifting a worker from one role to another, or from their current position to another role at the same functional level. This is done with the purpose of minimizing feelings of monotony, fostering a fresh environment for creativity, enhancing motivation and performance. *Job Transfers* take shape in the movement of employees within the same organizational tier horizontally, either by transitioning from one organizational unit to another or by moving from one position to another within the same work team for a brief duration.¹⁵⁷

b) Job Enlargement:

Job enlargement, also known as "horizontal job loading," entails the addition of more task elements to an existing job. With job enlargement, the employee undertakes a comprehensive work unit comprising a diverse range of task elements as opposed to a fragmented job.¹⁵⁸

In one of the earliest studies on job design, Marks (1954), as cited in Davis & Canter (1956), conducted an experiment on the shop floor to alter the technological layout through task design and job assignments. For instance, various operations, inspections, and material handling tasks were integrated into a single

¹⁵⁴ Friedlander F, Brown D. (1974), *Ibid*, P 321.

¹⁵⁵ Friedlander F, Brown D. (1974), *Ibid*, P 322.

¹⁵⁶ R. Wayne Boss, Benjamin B. Dunford, Alan D. Boss, and Mark L. McConkie (2010), Sustainable Change in the Public Sector: The Longitudinal Benefits of Organization Development, *The Journal of Applied Behavioral Science* 46(4) , NTL Institute, p 442

¹⁵⁷ محمد الصيرفي، التطوير التنظيمي، الطبعة الأولى، دار الفكر الجامعي، مصر، 2007، ص 250

¹⁵⁸ Kae H. Chung and Monica F. Ross, Differences in Motivational Properties between Job Enlargement and Job Enrichment, *The Academy of Management Review*, Vol. 2, No. 1 (Jan., 1977), p 114.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

job and carried out at individual work stations. This approach led to enhancements in productivity, quality, production flexibility, and job satisfaction.

Similarly, in a study by Conant and Kilbridge (1965), the transformation of assembly jobs into more autonomous bench jobs resulted in reduced production time and improved quality. The preference for self-pacing was identified as the main reason for favoring bench jobs, although interactions among workers and collaboration saw significant declines.

In a compilation of several job enlargement initiatives, Stewart (1967) discovered an enhancement in product quality, a decrease in labor costs, a general preference for job enlargement among operators within a short period, and the resolution of issues typically associated with paced groups.¹⁵⁹ During his Job Enlargement project conducted in a manufacturing organization over a three-year period, Alderfer (1969) discovered that employees assigned to the expanded roles exhibited markedly elevated levels of satisfaction in utilizing their skills and abilities. Additionally, he observed that individuals in the enlarged positions reported notably diminished levels of satisfaction in terms of receiving recognition from their superiors compared to those in similar unenlarged roles.¹⁶⁰

c) Job Enrichment :

Job enrichment, also known as "vertical job loading", empowers employees to undertake managerial duties that were traditionally reserved for managerial and supervisory staff. When based on expanded job roles, it enables employees to handle a greater number of task components and exert more influence over their responsibilities. The motivating factors of job enrichment - such as involvement, autonomy, and accountability - are attractive to employees pursuing the fulfillment of higher-level needs like self-determination, self-esteem, and self-actualization.¹⁶¹

The seminal study on job enrichment conducted by Ford in 1969 at American Telephone and Telegraph Company is widely recognized. The fundamental premise behind these initiatives is the belief that enhanced motivation cannot be achieved through training or other efforts aimed at instilling greater vigor and engagement in employees. Instead, the key lies in presenting employees with tasks that offer increased complexity and challenge, leading them to be intrinsically motivated. The primary focus of the intervention is on enhancing job content rather than on changing the employees themselves. Ford's 1969 study examined various job enrichment programs across different departments and tasks at American Telephone and Telegraph Company, employing a range of methods to introduce the job enrichment intervention. Special care was taken to maintain a consistent job environment to ensure that any observed outcomes could be attributed solely to changes in job content. The findings revealed a decrease in turnover and absenteeism, an improvement in service quality, and enhanced employee attitudes towards work in work units that underwent job enrichment..¹⁶²

Structural Design:

¹⁵⁹ Friedlander F, Brown D. (1974), Ibid, P 322.

¹⁶⁰ CLAYTON P. ALDERFER, Job enlargement and the organizational context, PERSONNEL PSYCHOLOGY, 22, 1969, p 423.

¹⁶¹ Chung and Ross (1977), Ibid, p 116.

¹⁶² Friedlander F, Brown D. (1974), Ibid, P 323.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

The structural design delineates the manner in which the organization's operations are segmented into various roles, positions, divisions, departments, groups, teams, and subunits, as well as how these subunits are synchronized to achieve the organization's tasks, goals, and objectives.¹⁶³ Interventions focused on structural design involve transitioning from conventional methods of organizing the organization's work (such as functional, self-contained unit, and matrix structures) to more cohesive and adaptable forms (such as process-oriented, customer-centric, and network-based structures). Diagnostic criteria are available to ascertain the most suitable structure for specific organizational settings, technologies, and circumstances.¹⁶⁴

Organizational structure encompasses the size of the organization, the pattern of authority, and the approach to decision-making within the organization.¹⁶⁵ In accordance with a contingency framework, organizational structures ought to be tailored to align with four key factors: the external environment, organizational size, technology, and organizational strategy. The efficacy of an organization is contingent upon the degree to which its structures are adaptable to these circumstantial influences.¹⁶⁶

The nature of the organizational structure and the positioning of employees within it greatly impacts their ability to engage and innovate. A rigid and inflexible organizational structure that prohibits interactions beyond its boundaries may instill a fear of stepping outside those confines, thus dampening enthusiasm for proposing ideas that enhance productivity. Conversely, a flexible organizational structure, serving as a fundamental framework for defining organizational relationships, has the capacity to adapt to new developments and inspire employees to actively contribute to its growth and enhancement, ultimately aiding in the attainment of goals and influencing the organizational climate.¹⁶⁷

There are indeed a variety of structural design methodologies to consider. Five of the most widely favored approaches are as follows.:

1. The functional structure
2. The divisional structure
3. The matrix structure
4. The team structure
5. The network structure

The functional, divisional, and matrix structures are generally considered to be conventional forms of organizational design that utilize a hierarchical chain of command to establish their structures and delineate reporting relationships. On the other hand, team and network structures are classified as modern

¹⁶³ Singh, R., Ramdeo, S. (2020), *Leading Organizational Development and Change*, Palgrave Macmillan, Cham, Switzerland, p 265.

¹⁶⁴ Gummings and Worley (2009), *Ibid*, p 158.

¹⁶⁵ محمد قاسم القريوتي، نظرية المنظمة والتنظيم، الطبعة الرابعة، دار وائل للنشر والتوزيع، الأردن، 2010، ص 99.

¹⁶⁶ Gummings and Worley (2009), *Ibid*, p 315.

¹⁶⁷ محمد قاسم القريوتي، مرجع سابق، ص 99.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

forms of organizational design that have arisen to address evolving organizational requirements in a dynamic global landscape. ¹⁶⁸ Each variety of architectural configuration is examined in detail below.

a) The Functional Structure:

The predominant organizational framework utilized globally is the fundamental Functional Structure. Typically, organizations are segmented into functional divisions encompassing areas such as marketing, operations, research and development, human resources, and finance. This framework is rooted in early management doctrines concerning specialization, line and staff relations, span of control, authority, and responsibility. The primary functional divisions are manned by experts from various fields such as engineering and accounting. It is deemed more manageable to oversee specialists when they are clustered together under a unified leadership, particularly one with specialized training and expertise in the relevant discipline. ¹⁶⁹

b) Divisional structure:

This particular organizational structure emphasizes the clustering of departments according to shared organizational outputs. Various departments are unified as a division to generate a singular organizational output, be it products, programs, or services for customers. ¹⁷⁰

c) The matrix structure:

Certain Organizational Development practitioners have concentrated on optimizing the advantages and mitigating the disadvantages of both the functional and divisional frameworks, leading to the development of the Matrix Structure. This model overlays a horizontal structure that emphasizes product or project alignment onto a vertical functional framework. ¹⁷¹ The matrix structure emerged as a means to enhance horizontal coordination and facilitate information sharing. A distinguishing characteristic of the matrix is its dual lines of authority, with the vertical functional hierarchy of authority coexisting alongside the horizontal divisional hierarchy of authority within the organizational framework. The vertical hierarchy facilitates conventional control within functional units, while the horizontal hierarchy promotes coordination across departments. ¹⁷² Within each matrix organization, there exist three distinct and crucial positions: the executive leader responsible for overseeing and harmonizing the simultaneous lines of authority; the matrix supervisors (operating within functional, product, or geographical domains)

¹⁶⁸ Singh, R., Ramdeo, S. (2020), Ibid, p 271.

¹⁶⁹ Gummings and Worley (2009), Ibid, p 316.

¹⁷⁰ Singh, R., Ramdeo, S. (2020), Ibid, p 273.

¹⁷¹ Gummings and Worley (2009), Ibid, p 319.

¹⁷² Singh, R., Ramdeo, S. (2020), Ibid, p 273.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

who oversee shared staff members; and the dual-reporting managers who answer to two separate matrix superiors. Each of these roles necessitates specific and distinct qualifications.¹⁷³

d) Team Structure:

The Team Approach empowers managers to decentralize authority, allocate responsibility to lower hierarchies, and enhance adaptability and responsiveness within the fiercely competitive global landscape. The team structure adopts a horizontal or lateral organizational layout, characterized by transparent communication channels. This approach represents the prevailing contemporary tendency in organizational design.¹⁷⁴

e) The Network Structure:

A Network Structure effectively coordinates the intricate and ever-changing connections among various organizations or units, each dedicated to a specific business function or task. Examples of organizations that adopt network structures include shamrock organizations, as well as virtual, modular, and cellular corporations. Informally, these structures have been likened to "pizza" organizations, spider webs, starbursts, and cluster organizations. The ambiguity surrounding the definition of a network was partly resolved by a typology outlining four fundamental network types.¹⁷⁵ *The Network Structure* redefines organizational boundaries and establishes connections between distinct business entities to enhance task collaboration. Networks essentially represent the interconnected relationships between organizations specializing in various work domains. This allows organizations to focus on their core competencies; for instance, leveraging manufacturing expertise for production and logistical proficiency for distribution.¹⁷⁶

Downsizing:

Organizational Downsizing Encompasses a series of initiatives orchestrated by organizational leadership, organizational development endeavors to enhance operational efficacy, productivity, and/or competitive edge. This strategic approach, spearheaded by managers, influences both the composition of the company's staff and the methodologies employed in the execution of tasks.¹⁷⁷

There are numerous strategies that organizations can employ to downsize, such as minimizing workload, abolishing certain functions, streamlining hierarchical structures, consolidating business units, leveraging natural attrition, implementing hiring freezes, providing early retirement incentives, adjusting

¹⁷³ Gummings and Worley (2009), Ibid, p 319.

¹⁷⁴ Singh, R., Ramdeo, S. (2020), Ibid, p 274.

¹⁷⁵ Gummings and Worley (2009), Ibid, p 328.

¹⁷⁶ Gummings and Worley (2009), Ibid, p 329.

¹⁷⁷ Cameron, K.S., Freeman, S.J., & Mishra, A.K. (1993) Downsizing and redesigning organizations. In G. Huber and W. Glick (eds), *Organisational Change and Redesign* (pp. 19-63). New York: Oxford University Press, p 24.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

working hours, facilitating voluntary or involuntary redundancies, and most frequently, resorting to layoffs. In essence, *downsizing* invariably results in a decrease in the workforce.¹⁷⁸

Freeman (1994) suggests that there are two primary approaches to downsizing based on different models of organizational change. The "reorientation" approach is utilized when seeking organizational change in a brief, discontinuous timeframe. Conversely, the "convergence" approach is considered more suitable when aiming for organizational change through ongoing incremental adjustments over an extended period of time. Extensive downsizing is deemed more fitting for organizational reorientations involving significant redefinition of an organization's mission, strategy, and structure. In contrast, convergent *downsizing* would occur more frequently and on a smaller scale as part of a continuous improvement process aimed at strengthening an organization's mission, strategy, and structure.¹⁷⁹

While *downsizing* may still be implemented as a reactive measure in the face of organizational insolvency or economic downturn, it has evolved into a proactive human resource strategy applicable to a wider array of organizational contexts. Examples include:¹⁸⁰

- Addressing historical proclivities for overstaffing involves correcting issues such as managers in organizations with bureaucratic structures being incentivized to expand their departments in order to attain promotion and status, regardless of the actual need for additional staff. Furthermore, inadequate HR planning, coupled with lax oversight on the firm's size, facilitates the concealment of surplus employees.
- Navigating cyclical economic downturns that lead to temporary excess production capacity.
- Enhancements in procedures leading to the reduction of personnel requirements, such as implementing business process re-engineering initiatives, adopting new information technology, and integrating automation.
- Changes in business strategy leading to actions such as discontinuing certain product lines or exiting specific markets.
- The elimination of divisional organizational structures has led to a reduction in redundant corporate or head office personnel.
- Mergers and acquisitions have resulted in the reduction of redundant personnel.
- The implementation of workforce flexibility initiatives, such as merit-based compensation and cross-training, has led to the erosion of job boundaries, a reduction in available positions, and consequently, a decrease in the number of employees.
- Cost-reduction strategies aimed at gaining a competitive edge often involve considering the substantial impact that labor costs have on overall business expenses. It is not uncommon for some companies to view downsizing as a viable method of trimming costs, given the easily identifiable and significant role that labor plays in the financial equation. With the rise of

¹⁷⁸ Lisa Ryan and Keith A. Macky, *Downsizing Organizations: Uses, Outcomes and Strategies*, Asia Pacific Journal Of Human Resources, Vol 36, No 2, 1998, p 30.

¹⁷⁹ Ryan and Macky (1998), *Ibid*, p 38.

¹⁸⁰ Ryan and Macky (1998), *Ibid*, p 31.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

globalization, many businesses now face heightened competition from overseas producers with lower wages or higher efficiency levels. Consequently, one common scenario involves companies relocating their production facilities to low-wage countries, while keeping their intellectual assets within their home country, resulting in downsizing. However, downsizing is more frequently used as a tactic to decrease labor expenses by initially reducing the workforce and subsequently exerting downward pressure on wage expectations of remaining employees in the long run.

Reengineering :

Reengineering, an intervention at the organizational level, gained prominence in the 1990s within organizational practice. The origins of reengineering can be traced back to management theories from the early nineteenth century, with Frederick Taylor first suggesting it in the 1860s. However, it was not until 1990 that the concept of reengineering was formally introduced in an article in the Harvard Business Review by Michael Hammer. Referred to as business process reengineering (BPR), the concept traditionally focused on exploring the impact of information technology on business processes. Initial reengineering endeavors prioritized the identification of the business processes that could benefit from technological reengineering.¹⁸¹ Researchers like Davenport, Short, and Rockart have not only recognized the significance of IT in managing organizational interdependencies, but also observed the implementation of IT LI in novel and innovative manners by certain organizations.¹⁸² Recent endeavors have expanded the practice of reengineering to encompass the challenges associated with change management, including strategies for overcoming resistance to change and effectively navigating the transition to novel work processes..¹⁸³

Edwards and Peppard (1994) posit that business *reengineering* encompasses the creation of an organizational framework. This entails the recognition and alignment of the business strategy with the necessary organizational procedures to guarantee the successful implementation of said strategy. From this vantage point, the organization embarks on a profound reassessment and restructuring of the business and its foundational processes. This perspective is predominantly top-down in nature, spearheaded by senior management. It is intricately connected to the strategic planning process.¹⁸⁴

This intervention involves a significant overhaul of the organization's fundamental work processes to establish stronger connections and synchronization among various tasks. This integration of workflows leads to quicker and more agile task execution. *Reengineering* is frequently unsuccessful when it overlooks the fundamental principles and procedures of Organizational Development.¹⁸⁵

Total Quality Management (TQM):

¹⁸¹ Singh, R., Ramdeo, S. (2020), Ibid, p 304.

¹⁸² CHRIS EDWARDS, JOE PEPPARD, ORGING A LINK BETWEEN BUSINESS STRATEGY AND BUSINESS REENGINEERING, EUROPEAN MANAGEMENT JOURNAL, Vol 12 No 4, December 1994, p 409.

¹⁸³ Singh, R., Ramdeo, S. (2020), Ibid, p 304.

¹⁸⁴ EDWARDS and PEPPARD (1994), Ibid, p 409.

¹⁸⁵ Gummings and Worley (2009), Ibid, p 159.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Nearly all the literature on Total Quality Management (TQM) is heavily influenced by the contributions of renowned figures such as W. Edwards Deming, Joseph Juran, and Kaoru Ishikawa, who are considered the foremost authorities in the realm of TQM. These influential figures collectively emphasize the fundamental belief that an organization's core objective is to ensure its sustainability, thereby contributing to the stability of the society, producing valuable goods and services for customers, and fostering an environment conducive to the fulfillment and development of its members.¹⁸⁶

Within the framework of Total Quality Management (TQM), members of an organization are expected to engage in perpetual enhancement of work processes to ensure the optimal satisfaction of their clientele. This endeavor may lead to the development of performance tactics that are intricately customized to the prevailing environmental constraints and available resources, particularly those influenced by customers. This aspect stands out as a significant advantage of the TQM methodology. However, what occurs when the external conditions undergo alterations? Ideally, the various departments within an organization would maintain such a strong connection with the external milieu - encompassing innovative processes introduced by other entities and shifts in customers' requirements - that they could promptly adjust their performance tactics with minimal delay, and conceivably even anticipate the desires of their clientele by one or two steps. This high level of adaptability, nonetheless, is not common even within TQM-oriented organizations, where the ethos of continuous improvement is fundamental, and institutional policies and procedures are meticulously designed to promote agility in response to environmental fluctuations.¹⁸⁷

Total Quality Management (TQM) serves as a catalyst for enhancing business performance, encompassing not only the management of unforeseen and disruptive emergencies but also the sustenance of top-notch products and services, meeting customer requirements, and fostering organizational competitiveness. TQM is a strategic managerial approach aimed at enhancing organizational effectiveness by integrating technical and behavioral aspects. Deming (1986) introduced 14 principles that effectively translate and refine quality management practices. Building upon this framework, seven core principles of TQM have been identified, including visionary leadership, internal and external collaboration, knowledge acquisition, process optimization, continuous enhancement, employee empowerment, and customer delight.¹⁸⁸

The process is usually guided by four essential components ingrained in the fundamental principles and beliefs of workgroups and the organization: employee engagement, provision of customer value, benchmarking, and a culture of ongoing improvement.¹⁸⁹

¹⁸⁶ J. Richard Hackman and Ruth Wageman, Total Quality Management: Empirical, Conceptual, and Practical Issues, *Administrative Science Quarterly*, Vol. 40, No. 2, June 1995, p 310.

¹⁸⁷ J. Richard Hackman and Ruth Wageman (1995), *Ibid*, 333.

¹⁸⁸ Anran Xiaoa, Yong Qina, Zeshui Xua and Marinko Skareb, Emerging research trends of total quality management in the COVID-19 pandemic: a dynamic evolution analysis, *ECONOMIC RESEARCH-EKONOMSKA ISTRAŽIVANJA* 2023, VOL. 36, NO. 2, 2022, p 2.

¹⁸⁹ Singh, R., Ramdeo, S. (2020), *Ibid*, p 92-93.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ **Employee involvement:** In order for a Total Quality Management (TQM) system to be truly effective, the unwavering support of top leadership is indispensable for the successful execution of such a system. It is imperative that senior executives and top management partake in training sessions that delve into the intricacies of quality philosophy. The organization's comprehensive quality strategy is delineated through a holistic approach that involves the participation of top management and key personnel from various subsystems within the planning committee. To ensure the successful implementation of TQM, it is imperative that employees possess the requisite knowledge, skills, and competencies, along with the principles and tools essential for the system to realize its intended benefits. While employees may exhibit initiative in enhancing the quality of their work, it is imperative that they are equipped with the necessary tools and training to elevate the quality standards. For example, employees must be well-versed in interpreting and utilizing statistical quality controls to drive quality enhancements.
- ⇒ **Delivery of customer value:** Total Quality Management (TQM) aims to generate value for both internal and external clientele. Internal customers are defined as employees within the organization, while external customers are individuals who procure the organization's products or services. When quality enhancements focused on processes are tied to employee remuneration, employees are incentivized to continuously explore new methods for improvement. Moreover, fostering high-quality interpersonal relationships among employees will cultivate an empowered workforce. It is imperative to comprehend the desires of customers and deliver products and services that align with their needs. Through the implementation of TQM, every external customer should be content with the quality of the product or service they receive, as well as the organization's representatives they engage with. Information regarding customer requirements can be leveraged to enhance processes that have the most significant impact on customer satisfaction..
- ⇒ **Benchmarking:** This involves evaluating an organization's business practices, processes, and performance metrics against industry standards and best practices. There are three main types of benchmarking: internal, competitive, and strategic. Internal benchmarking focuses on comparing the company's performance and practices to uncover best practices that can be implemented across the organization. Competitive benchmarking entails assessing the company's position in relation to industry competitors. Strategic benchmarking takes a broader perspective by looking at global best practices to establish a strategic direction for the organization.
- ⇒ **A work ethic of continuous improvement:** Quality enhancement is an enduring and perpetual process. The organization must seize opportunities to innovate and refine their methodologies; thus, individuals should be committed to lifelong learning. A corporate environment that fosters continuous learning must be integrated into daily practices in order for progress to be a constant endeavor. Staff members should actively seek ways to optimize business procedures and enhance employee interactions by means of streamlining and restructuring.
- ⇒ **Strategic Interventions:**

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

This section delves into interventions that bridge the internal operations of the organization with the external environment and facilitate the transformation of the organization to adapt to evolving circumstances. These change initiatives represent some of the latest advancements in Organizational Development (OD). They are executed across the entire organization and aim to align the business strategy, organizational structure, and the broader external environment. These interventions draw upon the fields of strategic management, organizational theory, economics, and anthropology.¹⁹⁰ It delineates organizational development strategies designed to catalyze transformative, inter-organizational, and ongoing shifts within and between organizations.¹⁹¹

- Transformational change: Enhancing organizational structure and fostering cultural transformation.
- Trans-organizational change: Mergers and acquisitions, strategic partnerships, and interconnected networks.
- Continuous change: Organizations that are capable of self-designing and continuously learning.

Transformational Change :

These transformational processes facilitate crucial harmonization between the organization and its competitive landscape, as well as within the organization's strategy, structural components, and culture.¹⁹²

a) Organization Design :

As organizations foresee shifts in global market trends, CEOs acknowledge the necessity of adapting their organizational structure to proactively respond to these changes.¹⁹³ The primary design challenge confronting an organization is determining the appropriate levels of vertical and horizontal differentiation to effectively manage its operations and accomplish its objectives.¹⁹⁴

Organization design is the strategic alignment of an organization's structure, workflow, human resources policies, and management procedures to influence the behavior of its members. This strategic alignment is usually implemented in reaction to a significant shift in the organization's strategy that necessitates a substantial reconfiguration of how the organization operates and how its members conduct themselves.¹⁹⁵

The essential elements of the organizational design process are delineated and deliberated upon below.¹⁹⁶

¹⁹⁰ Gummings, T. G., & Worley, C. G. (2015), *Organization development and change* (10th ed.), Cengage Learning, Stamford, USA, p 161.

¹⁹¹ Singh, R., Ramdeo, S. (2020), *Ibid* , p 321.

¹⁹² Gummings & Worley, C. G. (2015), *Ibid*, p 529.

¹⁹³ Singh, R., Ramdeo, S. (2020), *Ibid* , p 324.

¹⁹⁴ Gareth R. Jones (2013), *Organizational Theory, Design, and Change*, Pearson Education Limited, England, p 120.

¹⁹⁵ Gummings & Worley, C. G. (2015), *Ibid*, p 534.

¹⁹⁶ Singh, R., Ramdeo, S. (2020), *Ibid* , p 326.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ Strategy: This strategic blueprint outlines the distribution of resources and initiatives aimed at attaining a competitive edge, preparing for and adapting to environmental shifts, and reaching overarching strategic objectives. The overarching strategy influences the corporate, business, and functional strategies. Upon execution, the strategy necessitates a profound transformation in mindset, behaviour, and internal operations and components.
- ⇒ Organizational Design: The architectural framework dictates the manner in which individuals, assignments, and operations are arranged. Several factors must be taken into account, such as the level of centralization, the hierarchy of authority, the scope of supervision, and the level of task specialization. Traditional organizational frameworks are typically segmented by functional departments, with companies now transitioning towards more dynamic and versatile structures and operations.
- ⇒ Work Design and Technology: This delineates the assignments to be accomplished and the responsibilities that must be executed in order to fulfil the assignments. These may take the shape of individual tasks or collaborative efforts.
- ⇒ Human Resources: Human resource management is dedicated to the implementation of practices, procedures, and systems aimed at attracting, nurturing, and retaining a proficient workforce. Strategic human resource management endeavours to synchronize the HR function with the overarching strategy of the organization by identifying and hiring individuals possessing the requisite knowledge, expertise, and abilities that support the attainment of organizational objectives, fostering the growth of employees through training programs to fulfil current and future skill and knowledge requirements, and ensuring the sustainability of a high-performing workforce through fair compensation and positive incentives.
- ⇒ Leadership and Management: Leadership entails the capacity to guide and inspire individuals towards the realization of the objectives set by the organization. On the other hand, management involves the achievement of organizational goals in an effective manner by engaging in activities such as planning, organizing, leading, and controlling. Consequently, strategic management encompasses the creation of a strategic vision, the development and execution of strategies, and the assessment and adjustment of actions as needed to attain the desired strategic objective. The primary aim is to secure a competitive edge and navigate through shifts in the business landscape.

Organization design interventions typically consist of the three overarching steps delineated below: ¹⁹⁷

- ⇒ Diagnosing the current design: This initial phase entails evaluating the organization's present performance and the congruence of its design components. It commences with an analysis of the

¹⁹⁷ Mohrman and Gummings (1989), *Self-designing Organizations: Learning How to Create High Performance in*: Gummings & Worley, C. G. (2015), *Ibid*, p 546-547.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

current efficacy and the degree to which modifications in strategic and organizational design elements are necessary. The organization's fresh strategy and goals are scrutinized to ascertain the requisite organizational capabilities for their attainment.

- ⇒ Designing the organization: This stage entails delineating and arranging the design elements to align with the business strategy and objectives. The optimal design approach begins by pinpointing the work processes and designs that will most effectively enhance value for customers and other essential stakeholders in alignment with the strategy. Following the formulation of strategy-structure-work design determinations, the subsequent step involves defining the management processes and human resource practices that will complement and reinforce them. These two design characteristics are aptly equipped to rectify any deficiencies in the selected structure.

- ⇒ Implementing the design: The ultimate phase entails bringing the new design to fruition by establishing the new structures, practices, and systems. In every instance, the execution heavily relies on the strategies for guiding and overseeing change, and extends them to encompass the entire organization or subunit, rather than just specific sections.

b) Culture Change:

Cultures are perceived as enduring and relatively consistent traits that act as a cornerstone for organizational members to identify change and make adjustments within the framework of that specific organization. A robust organizational culture confers a significant competitive edge when there is harmonization between the internal culture and strategic blueprint to correspond with the external milieu, resulting in a high-achieving organization. The acquired behavioral patterns manifest at the superficial level through observable artifacts, and at a deeper level through shared values, beliefs, and insights among members.¹⁹⁸

An increasing number of executives recognize the significance of corporate culture in influencing employee beliefs and behaviors. A thoughtfully designed and well-executed organizational culture, closely aligned with a successful business strategy, can be the determining factor between triumph and defeat in today's competitive landscapes. The interest in organizational culture primarily stems from its presumed impact on organizational efficacy. Extensive conjecture and growing research propose that organizational culture has both direct and indirect correlations with efficacy. Numerous examples of organizational metamorphosis highlight instances where the transition faltered due to a lack of cultural support for the new strategy, such as AT&T's unsuccessful merger with NCR, Daimler-Benz's challenges with Chrysler, and Prudential Insurance's struggles in expanding into other financial services.¹⁹⁹

¹⁹⁸ Singh, R., Ramdeo, S. (2020), Ibid , p 329.

¹⁹⁹ Gummings & Worley, C. G. (2009), Ibid, p 520-521.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

There is consensus regarding the constituents of culture that are commonly assessed. These encompass artifacts, norms, values, and fundamental assumptions (refer to Figure n) that are predominantly held by members within the organization. The interpretations assigned to these constituents aid individuals in comprehending the daily operations within the organization. These interpretations indicate the manner in which tasks are to be carried out and assessed, as well as how employees are expected to interact with one another and with key stakeholders, including clients, suppliers, and governmental entities.²⁰⁰

Artifacts: Artifacts represent the pinnacle of cultural expression, serving as tangible representations of the underlying layers of culture, encompassing norms, values, and fundamental beliefs. Artifacts encompass the behaviors, attire, and language of individuals, as well as the organizational structures, systems, protocols, and physical elements like decor, spatial layout, and ambient noise levels. It is said that at Nordstrom, a prestigious luxury department store, the policy and procedure manual consists of just one sentence. "Do whatever you think is right." Furthermore, internal promotions are encouraged within the organization, sales associates are incentivized with commissions tied to their sales performance, salespeople are supplied with stationery to craft personalized notes for customers, and employees are encouraged to temporarily work as sales associates to gain a better understanding of customer expectations. Artifacts, on their own, can offer valuable insights into the true organizational culture as they often reflect underlying assumptions. The challenge in utilizing artifacts for cultural analysis lies in the interpretation; individuals unfamiliar with the organization may struggle to decipher the meaning behind the artifacts.²⁰¹

Norms: Beneath the veneer of cultural consciousness lie norms that delineate appropriate behaviors in specific circumstances. These norms serve as tacit guidelines for conduct. Typically, norms are deduced from the observation of members' behaviors and interactions. At Nordstrom, these norms stipulate that it is commendable for members to exert additional effort in meeting customer demands, while it is deemed unacceptable for sales associates to assist customers who are already being attended to by another salesperson.

Values: The subsequent stratum of consciousness encompasses beliefs regarding the ideal state of affairs within organizations. Values serve to communicate to members what holds significance within the organization and warrants their focus. Due to Nordstrom's emphasis on customer service, sales representatives diligently monitor the manner in which customers are attended to. Evidently, this core value is upheld by the established norms and visible symbols within the organization.

Basic assumptions: At the profoundest stratum of cultural consciousness lie the ingrained assumptions concerning the resolution of organizational challenges. These foundational beliefs dictate to members the manner in which they should interpret, reason, and react to various situations. They are unequivocal and indisputable convictions regarding interactions with the surroundings and perceptions of human nature, human endeavors, and human connections. For instance, a core belief at Nordstrom is the

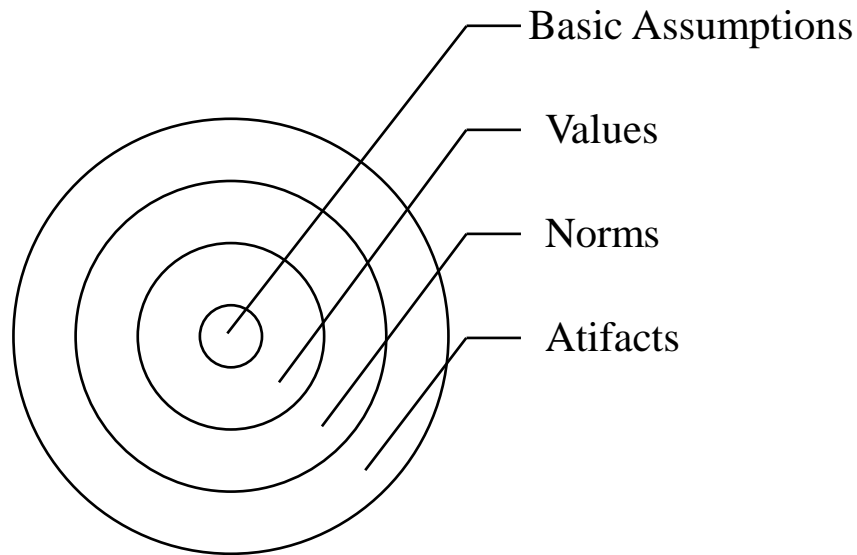
²⁰⁰ Gummings & Worley, C. G. (2009), *Ibid*, p 520.

²⁰¹ Gummings & Worley, C. G. (2009), *Ibid*, p 520.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

conviction in the inherent worth of individuals; it is ethically commendable to provide customers with exceptional service in order to cultivate loyalty and frequent patronage.²⁰²

Figure N 2.3 : Culture components



Source: Gummings & Worley, C. G. (2015), Ibid, p 555.

In order for the prevailing culture to thrive and be solidified, the values, beliefs, and underlying assumptions must guide collective behaviors among individuals in pursuit of the organizational objectives..²⁰³

Culture change interventions typically commence by conducting an assessment of the organization's current culture to determine its alignment with existing or proposed business strategies. This necessitates identifying and comprehending the collective assumptions, values, norms, and artifacts that define the organization's culture. Organizational development (OD) practitioners have devised multiple effective methods for diagnosing organizational culture. These methods can be categorized into three distinct yet harmonious perspectives: the behavioral approach, the competing values approach, and the deep assumption approach. Each diagnostic perspective concentrates on specific facets of organizational culture, and when utilized together, they offer a comprehensive evaluation of these intricate phenomena.²⁰⁴

Diagnosing Behaviours: When diagnosing behaviors, attention is directed towards the superficial level, specifically the visible manifestations. This is regarded as a more pragmatic method for initiating cultural

²⁰² Gummings & Worley, C. G. (2009), Ibid, p 521.

²⁰³ Singh, R., Ramdeo, S. (2020), Ibid , p 329.

²⁰⁴ Gummings & Worley, C. G. (2009), Ibid, p 523.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

transformation. Because behaviors are linked to superficial changes, these facets of culture are more readily observable and diagnosable, as the emphasis is on the execution of tasks and the management of relationships.²⁰⁵

Diagnosing Competing Values: This framework delineates four classifications or quadrants of an organization's culture: clan, hierarchical, adhocracy, and market. It illustrates how companies function, the level of collaboration among employees, and the core organizational values. The competing values are associated with the four cultural types, reflecting fundamental values, assumptions, and beliefs. Each organization possesses its distinct blend that shapes its organizational culture. Moreover, the organization's culture can be evaluated through two sets of values: (i) flexibility and discretion versus stability and control, and (ii) internal focus and integration versus external focus and differentiation. This is a descriptive model where there is no definitive "best" culture. Instead, organizations can ascertain what individuals prioritize along with their corresponding actions, and then realign their activities with these values. From this 2x2 matrix, the four cultural types are as follows:²⁰⁶

The *clan culture* is characterized by an internal focus and a notable degree of flexibility, aligning with the human relations perspective. These organizations prioritize people, fostering high levels of cooperation, loyalty, and interpersonal relationships. Human resources take precedence, creating a familial atmosphere that values participation and teamwork. Managers act as mentors and exemplify teamwork. The clan culture is often found in family-run businesses and small-scale organizations.

The *hierarchical culture* is inherently inward-looking, emphasizing a strong sense of consistency (from an internal-process standpoint). It is marked by the emphasis on maintaining order, established procedures dictating employee behavior, and a structured setting. The workplace is notably formal, with regulations and protocols influencing choices and behaviors to optimize productivity. This particular culture is often found in governmental institutions.

The *adhocracy* culture is characterized by its outward orientation and remarkable adaptability (the open-system perspective). It fosters an environment of ingenuity and originality, where employees are empowered to generate novel concepts. The organization swiftly adjusts to shifts in the external landscape and leads the way in the market. Managers exhibit a willingness to take risks, prioritizing expansion, while employees are granted increased autonomy and liberty to pursue initiatives. An ethos of entrepreneurship is cultivated among the workforce. This particular culture is prevalent in sectors such as advertising, fashion, software development, electronics, and finance.

The market culture is characterized by an outward focus and stability (the rational goal perspective). This culture is driven by a focus on outcomes, specifically in generating profits through increased productivity. Competitors are taken into consideration when establishing the strategic direction of the company.

²⁰⁵ Singh, R., Ramdeo, S. (2020), Ibid , p 332.

²⁰⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 333.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Diagnosing Deep Assumptions: Diagnosing this level of culture poses the greatest challenge due to its deeply ingrained nature. Operating on the unconscious level, individuals engage in behaviors without conscious awareness of the underlying reasons or influences. Moreover, within expansive organizations, a multitude of subcultures exist, each characterized by distinct assumptions, values, and beliefs. When delving into these fundamental assumptions, the OD practitioner must carefully assess the organization's scale and the unique characteristics of its diverse subcultures.²⁰⁷

Significant cultural transformation at a fundamental level may be required if other approaches prove ineffective in attaining the desired outcomes. The following are the steps that outline this process.²⁰⁸

1. Create a vision

A strategic vision is crafted to steer the process of cultural transformation. This vision must be in harmony with the company's overarching strategic objectives, providing a rationale for the imperative shift in culture and outlining the path forward.

2. Commitment and support from top management

An organizational shift in culture necessitates a top-down strategy. Senior leadership must demonstrate unwavering dedication to embracing new cultural paradigms and inspire others to follow suit. The dissemination of the new cultural norms must be effectively conveyed by top management through their actions.

3. Diagnosis

The individuals selected for participation in the interviews and workshops are determined by the managers/leader and the OD practitioner. As previously delineated, there exist multiple diagnostic tiers for evaluating culture, each with distinct techniques and methodologies.

4. Develop plan

The strategic blueprint is formulated. During the formulation process, the professional must collaborate closely with the client to guarantee comprehensive coverage of all aspects. This blueprint should be meticulously crafted to eliminate any uncertainties during execution.

5. Implement by modifying the organization to support the culture change

In order to facilitate the cultural shift, adjustments are made to various components of the system to align with this transformation. Individuals are educated on the advantages of embracing the new approach and motivated to consistently exhibit behaviors that align with the evolving culture. Reinforcements play a crucial role in solidifying the change process.

6. Sustain momentum by introducing newcomers and terminating resistant workers

²⁰⁷ Singh, R., Ramdeo, S. (2020), Ibid , p 334.

²⁰⁸ Singh, R., Ramdeo, S. (2020), Ibid , p 335-336.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

The onboarding process for new employees should ensure their integration with the prevailing organizational culture. Those who demonstrate resistance to embracing the new cultural norms may face disciplinary action, up to and including termination.

Trans-organizational change:

Trans-organizational Change interventions transcend a singular organization. This strategic transformation focuses on establishing an inter-organizational framework in which entities collaborate to achieve objectives and enhance their activities.²⁰⁹ *Trans-organizational change* Facilitates organizations in establishing and maintaining inter-organizational connections. It enables organizations to move beyond a singular organizational viewpoint and cater to the needs and interests of all participating organizations.²¹⁰

a) Mergers and Acquisitions

This intervention elucidates how organizational development practitioners can facilitate the amalgamation of two or more organizations to establish a novel entity..²¹¹

As per Sherman and Hart (2006), a merger involves the amalgamation of two or more companies, wherein the assets and liabilities of the selling entities are assimilated by the acquiring company. On the other hand, an acquisition refers to the procurement of an asset, be it a plant, a division, or even a whole company..²¹²

Mergers and acquisitions capitalize on the strengths (or address the weaknesses) of one organization through the consolidation with another entity. This inter-organizational transformation encompasses the integration of various interventions, encompassing human processes, techno-structural adjustments, and human resources management strategies.²¹³ Mergers and acquisitions (M&As) are strategic maneuvers employed by corporations to enhance their market presence, bolster their competitive edge, and venture into new markets. This method stands out as a prevalent trans-organizational change strategy among businesses.²¹⁴

Mergers and acquisitions (M&As) encompass three primary stages, as delineated in Table 20.1: pre-merger, legal merger, and operational merger.²¹⁵

Table N 2.3 : Major Phases and Activities in Mergers and Acquisitions

²⁰⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 345.

²¹⁰ Gummings & Worley, C. G. (2009), Ibid, p 561.

²¹¹ T.I. Kuzhda, ORGANIZATIONAL DEVELOPMENT INTERVENTIONS, Research Paper, Materials of the V International Scientific and Technical Conference of Scientists and Young Students, Actual tasks of modern technologies – Ternopil 17-18 , Ukraine , 2016, p 340.

²¹² A. Sherman and M. Hart, Mergers and Acquisitions from A to Z, 2d ed, New York: Amacom, 2006, p 11.

²¹³ Gummings & Worley, C. G. (2009), Ibid, p 561.

²¹⁴ Singh, R., Ramdeo, S. (2020), Ibid , p 348.

²¹⁵ Gummings & Worley, C. G. (2015), Ibid, p 608.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Major M&A Phases	Key Steps	OD and Change Management Issues
Precombination	Search for and select candidate Create M&A team Establish business case Perform due diligence assessment Develop merger integration plans	Ensure that candidates are screened for cultural as well as financial, technical, and physical asset criteria Define a clear leadership structure Establish a clear strategic vision, competitive strategy, and systems integration potential Specify the desirable organization design features Specify an integration action plan
Legal combination	Complete financial negotiations Close the deal Announce the combination	
Operational combination	Day 1 activities Organizational and technical integration activities Cultural integration activities	Implement changes quickly Communicate Solve problems together and focus on the customer Conduct an evaluation to learn and identify further areas of integration planning

Source: Gummings & Worley, C. G. (2015), Ibid, p 609.

b) Strategic Alliance Interventions :

Strategic partnerships can serve as a highly efficacious means of fostering business growth and venturing into novel markets. Such collaborations afford the involved parties increased adaptability due to their less stringent nature.²¹⁶ An alliance is a formal agreement between two or more business entities to collectively pursue a specific set of individual and shared objectives by pooling resources, including intellectual property, personnel, funds, organizational expertise, and tangible assets, especially in competitive markets where outcomes are uncertain.²¹⁷ There exist a multitude of strategic alliances involving collaboration between two or more entities. Typically, these alliances are formed between non-competing businesses that have a common target market. The diverse forms of partnership agreements encompass franchise, joint venture, and licensing agreements. Both entities stand to gain from this collaboration by pooling resources, talent, capabilities, and core competencies to achieve a shared

²¹⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 355.

²¹⁷ A. Arino, J. de la Torre, and P. Ring, Relational Quality: Managing Trust in Corporate Alliances, California Management Review, vol 44, no 1, 2001, p 11.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

objective. This arrangement facilitates the sharing of resources for the pursuit of mutually advantageous projects, enabling the companies to achieve accelerated growth compared to operating independently.²¹⁸

c) Network Interventions :

This form of inter-organizational transformation is designed to cultivate business networks. It represents a distinctive form of intervention whereby a company systematically undertakes the establishment of a network. The composition of the network is influenced by the level of collaboration and competition intensity among organizations, underpinned by a strong foundation of trust among its members. These members have the option to operate autonomously or interdependently in pursuit of a shared objective. In the current cutthroat business landscape, the need for shared resources is propelling organizations towards collaborative endeavors. Examples of such networks can be found in the realms of finance, transportation, supply chain, and retail.²¹⁹

In the realm of the private sector, research and development consortia offer companies the opportunity to pool resources and mitigate risks associated with extensive research endeavors. Collaborative networks among airlines with regional expertise converge to deliver global coverage; Japanese keiretsu, Korean chaebols, or Mexican grupos facilitate the leveraging of complementary capabilities across various organizations. Within the public sector, partnerships forged between government entities and businesses furnish the necessary resources and impetus to tackle intricate urban revitalization projects, such as Cleveland's Cuyahoga River initiative, Baltimore's Inner Harbor Project, and Lyon's urban renewal zones, as well as to enhance healthcare services, exemplified by Sweden's "Bring a Friend" program promoting cancer screenings and Britain's National Health Service (NHS) sustainability project.²²⁰

There are several phases that typically govern the creation and upkeep of the network. The structural framework and shared objective for establishing the network will serve as guiding principles throughout the process. These include:²²¹

1-Establishing the Network

- ⇒ Identify the prospective participants to incorporate into the network: The selection of network members should be based on data gathered regarding potential entities. The Organizational Development (OD) practitioner collaborates with the company to pinpoint potential entities that could bring value to the network. Similar to other inter-organizational change methodologies, effective leadership plays a crucial role in guiding the process. The OD practitioner collaborates with the relevant organizational leaders to define the objectives to be met and the advantages to be gained from becoming part of the network.

²¹⁸ Singh, R., Ramdeo, S. (2020), Ibid , p 355.

²¹⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 360.

²²⁰ Gummings & Worley, C. G. (2015), Ibid, p 618-621.

²²¹ Gummings & Worley, C. G. (2009), Ibid, p 574-576.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ *Set up meetings with all potential members*: The prospective participants convene for in-person interactions. During these gatherings, they have the opportunity to express their motivations and reasons for wanting to join the network, evaluate compatibility, and determine if they wish to formalize their participation. The OD practitioner's role is to maintain impartiality, ensuring members that the focus is on the entire system. Prospective participants will then deliberate on their desire to join the network. Factors influencing their decision may include differing viewpoints, dedication to the shared goal, level of trust, extent of autonomy relinquished, accountability, and organizational cultures. A determination is made regarding the establishment of the network, and membership is ultimately solidified.
- ⇒ *Organize*: Once consensus has been reached, the network is officially established. Organizational structures are put in place, outlining the specific roles and responsibilities of each member within the network. A monitoring control system is implemented to oversee the activities of the members, and communication channels are established. Furthermore, rules, policies, and operating procedures are defined to govern the network's operations. The allocation of costs and benefits is determined, taking into account the varying contributions of members in terms of knowledge-based and physical resources. In the event of conflicts between members, the OD practitioner is relied upon to intervene and facilitate resolution.

The practitioner must ensure all stakeholders that the primary objective is to ensure that the entire network is aligned towards achieving a shared goal and obtaining competitive advantages collectively. Interpersonal dynamics among stakeholders must be addressed by OD practitioners as they are frequently triggered by divergent goals, conflicting values, power dynamics, and individual agendas.

- ⇒ *Evaluate*: The evaluation of the network's performance is crucial. The effectiveness can be gauged by the attainment of set goals and objectives, as well as the favorable results and synergies experienced by participants. This feedback aids in pinpointing successful areas, areas of weakness, and opportunities for enhancement. Consequently, the OD practitioner can utilize a variety of assessment methods and strategies to collect relevant feedback from participants regarding the achieved advantages, areas needing improvement, and the strength and caliber of relationships.

2-Maintain the Network

The feedback reports are utilized to implement alterations and fine-tune the network, its configuration, and operations. This guarantees the network's continued relevance, particularly those designed for sustained use.

Continuous change:

These transformational processes are becoming increasingly prevalent within organizations, yet they continue to evolve and be refined. They are designed for the expanding number of organizations confronting exceedingly volatile environments, such as those in the high technology, entertainment, fashion, and biotechnology sectors. In these sectors, timing is crucial, technological advancements occur

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

rapidly, and competitive pressures are relentless and unpredictable. In such scenarios, traditional sources of competitive advantage, like strategic positioning and core competencies, deteriorate swiftly and only offer temporary benefits. What is essential are dynamic capabilities integrated into the organization that empower it to consistently renew forms of competitive advantage to adjust to a swiftly changing landscape. Continuous change is a perpetual, ongoing process where the organization actively revises its strategy, structure, and methodologies. Continuous change is an extension of transformational change. Continuity entails change, and change entails continuity.²²²

a) Self-designing organizations

The self-design strategy encompasses all facets of the organization, such as its structure, human resources practices, and technology, and tailors them to align with the business strategy. This approach is a dynamic and iterative process that aims to equip organizations with the inherent ability to adapt and restructure themselves continuously in response to evolving circumstances. By fostering organizational learning among diverse stakeholders at various levels of the company, this strategy equips them with the necessary knowledge and expertise to drive organizational transformation and ongoing enhancement.²²³

Self-organizing entities are entities with an inherent ability to excel by customizing alterations to suit the entity and adjust to evolving circumstances. Such entities actively partake in ongoing metamorphosis as well.²²⁴

Mohrman and Cummings created the self-designed intervention as a response to various challenges encountered by organizations operating in volatile environments. This intervention comprises iterative processes of diagnosing, formulating, and executing activities that can be implemented by managers and employees across all hierarchical levels of the company.²²⁵

Figure N 2.4 : The Self-Design Change Process

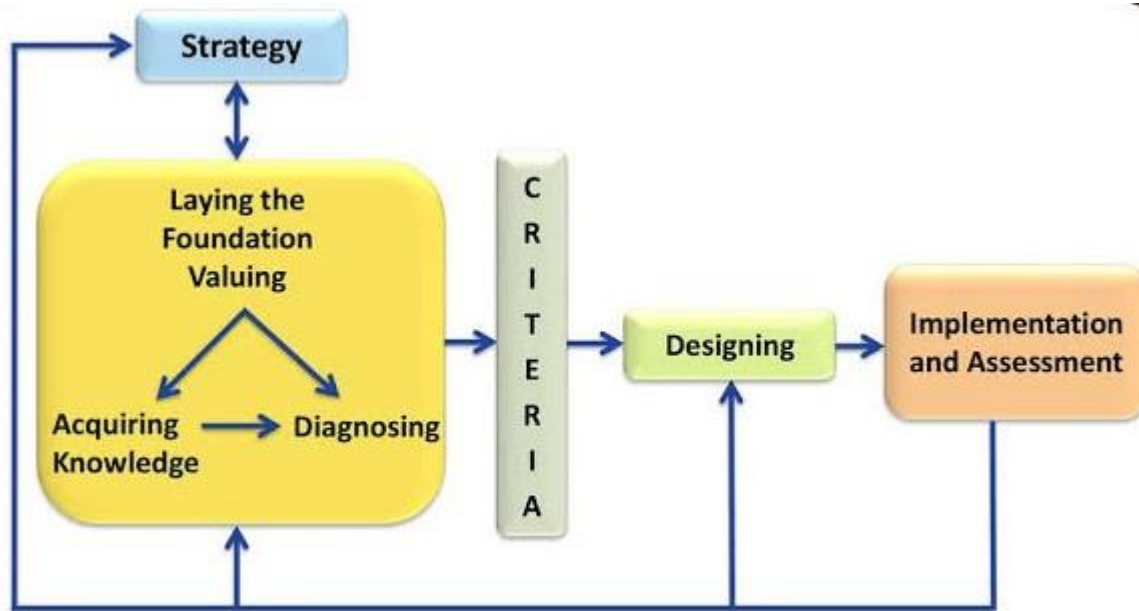
²²² Singh, R., Ramdeo, S. (2020), Ibid , p 375.

²²³ Gummings and Worley (2009), Ibid, p 536.

²²⁴ Singh, R., Ramdeo, S. (2020), Ibid , p 378.

²²⁵ Gummings and Worley (2015), Ibid, p 576.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE



Source: Gummings and Worley (2015), Ibid, p 580.

The diagram presented illustrates the self-design methodology. Typically, an "design team" leads the implementation process. This team could consist of the executive management team or a diverse group comprising of both formal and informal leaders, talented managers, or specifically chosen employees and staff members. Past experiences indicate that when the executive management team is not directly involved in the design team, it is advisable to have at least one to two members from the top management team participate in the design team. This ensures that senior management's viewpoints are considered and facilitates communication between the two groups.²²⁶ While the procedure is outlined in five distinct stages, each stage will be detailed in the following sections.²²⁷

Clarifying the strategy. The first phase entails elucidating the strategic direction of the organization. While most organizations possess a strategy, it is frequently not communicated or documented in a manner that is easily understood by all stakeholders. This phase aims to define the organization's strategic goals, articulate the strategy in terms of scope, intensity, and distinctiveness, and elucidate the mechanisms by which they are evolving.

Laying the foundation. This stage equips the design team with the foundational knowledge and information necessary to initiate significant transformation. It encompasses three distinct activities. The initial task involves the appraisal of beliefs and values that will steer the change initiative. The subsequent task entails acquiring insight into organizational operations, fundamental principles for attaining peak performance, and the process of self-design. This knowledge is typically acquired through studying pertinent literature, participating in internal workshops, and observing other organizations known for effectively implementing ongoing changes. The final task involves analyzing the current state of the

²²⁶ Gummings and Worley (2015), Ibid, p 580.

²²⁷ Gummings and Worley (2015), Ibid, p 580-581.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

organization to identify areas that require modification in order to implement the strategy and uphold the values.

Creating design criteria. During this phase, the design team formulates the principles and standards that will serve as the framework for the new organizational design. Whereas the valuation process during the foundational phase outlines the organization's core values, the design criteria are more specific and tangible. These criteria outline the necessary new organizational capabilities aligned with the strategy, the functions the new organization must fulfill to support the strategy, and the expected operational procedures of the organization.

Designing. During this advanced phase of self-design, the design team formulates diverse organizational designs and creative concepts that align with the strategy, values, and design standards. The team members articulate the layout of work, structures, HR policies, and management procedures that will reinforce the strategic objectives. This phase commonly commences with a comprehensive framework outlining the top-level organizational structure and the integration of design elements. Senior executives, who hold accountability for the organization's strategic direction, are usually actively engaged in crafting this comprehensive design.

Implementing and assessing. The final phase entails implementing the new design by establishing the new structures, practices, and systems. It heavily relies on change leadership and management strategies, which are then applied organization-wide or within specific subunits, rather than isolated areas.

b) Learning Organizations Interventions :

The notion that organizations and their members engage in learning processes has been a topic of discussion for numerous years. Historically, scholarly examination of learning primarily centered on viewing it as a form of adaptive change in behavioral reactions to external stimuli, particularly when it pertains to the acquisition of routines. Traditionally, the act of learning was not always perceived as advantageous for the organization as a whole. Nevertheless, during the 1970s, Argyris and Schon (1978) revolutionized this perspective by portraying learning as a constructive tool for enhancing organizational performance. Argyris and Schon, alongside other scholars such as Feldman (2000), put forth the argument that effective learning should encompass both behavioral adjustments and cognitive advancements, encouraging individuals to question established routines rather than simply follow them blindly.²²⁸

The third ongoing change intervention is designed to assist organizations in cultivating and utilizing knowledge to continuously evolve and enhance themselves. Similar to self-design, organizational learning (OL) boosts an organization's ability to obtain and cultivate new knowledge. However, it diverges from self-design by placing emphasis on the cognitive facets of learning and how individuals can enhance their skills as learners. While self-design alters behaviors through modifications in

²²⁸ AUSTIN AND BARTUNEK, *Ibid*, P 318.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

organizational structure, OL concentrates on altering behaviors by transforming the approach individuals tackle problems and seize opportunities.

Organizational Learning (OL) stands as a prevalent intervention in Organizational Development (OD). It is the focal point of a growing body of research and application, having been implemented in a variety of organizations including McKinsey, L.L. Bean, Saudi Aramco, Shell, the Canadian Broadcasting Corporation, Wells Fargo, Telefonica, Boeing, Microsoft, and the U.S. Army..²²⁹

Among the plethora of literary creations, Peter Senge's seminal work, "The Fifth Discipline" published in 1990, along with its subsequent companions "*The Fifth Discipline Fieldbook*" and "The Dance of Change", stand out as the primary catalysts in popularizing the concept of the learning organization within the realm of contemporary business ideology.²³⁰

Senge articulated five distinct "disciplines" that serve as the foundation of learning organizations: (a) systems thinking, which involves gaining a deeper understanding of the interconnectedness and holistic patterns within our environment; (b) personal mastery, which entails fostering a dedication to lifelong learning and consistently challenging and refining personal goals; (c) mental models, which involve honing the ability to reflect and question to uncover, examine, and validate the deeply ingrained assumptions and generalizations we hold about the world; (d) building shared vision, which involves creating collective visions of the future we aspire to achieve, along with the guiding principles and practices needed to reach that future; and (e) team learning, which focuses on leveraging group dynamics to enhance individual insights through dialogue, adept discussion, and recognizing team interaction patterns that hinder learning.²³¹

Organizational learning interventions focus on the structural framework and interpersonal dynamics that facilitate the acquisition of knowledge by individuals and groups. These interventions are informed by principles from the social sciences and draw inspiration from organizational development strategies, including team building, organizational design, and employee engagement, for practical implementation. Within organizations, initiatives aimed at fostering organizational learning are often overseen by the human resources department and may be spearheaded by a designated leader, such as a chief learning officer.²³²

There are three primary categories of organizational learning, each necessitating a unique approach. These encompass the following:²³³

⇒ Adaptive or single-loop learning or Level I learning

²²⁹ Gummings and Worley (2015), Ibid, p 582.

²³⁰ Seo et al (2001) in: AUSTIN AND BARTUNEK, Ibid, P 318.

²³¹ AUSTIN AND BARTUNEK, Ibid, P 318.

²³² Gummings and Worley (2009), Ibid, p 538.

²³³ Singh, R., Ramdeo, S. (2020), Ibid , p 385.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

This form of learning is designed to rectify identified errors. The learning endeavors contribute to the current knowledge, competencies, and practices of the organization. The policies, procedures, and objectives remain unaltered, as there is no modification to the core essence of the organization's activities.

⇒ Generative or double-loop learning

This form of education is targeted towards altering current assumptions, norms, procedures, and policies within adaptive learning. The organization undergoes modifications in competence and routines, leading to a significant shift in the status quo. In this context, the organization expands its goals to comprehend its surroundings.²³⁴

⇒ Deutero learning or Level II learning

This form of education is centered around the understanding that learning is essential, specifically learning the art of learning itself. The organization endeavors to enhance both adaptive learning and generative learning simultaneously by pinpointing organizational learning preferences and the requisite processes and frameworks to facilitate learning. Consequently, individuals not only acquire the necessary knowledge but also grasp the methods and reasons behind the occurrences they encounter.²³⁵

2.5.3 Individual-Level Interventions

Interventions at the individual level in organizational development (OD) serve to enhance the fundamental principle that drives the field and implementation of human resource management (HRM): the recruitment, growth, and retention of a proficient workforce. At the individual level, OD closely aligns with the core principles and methodologies of HRM. Practitioners of OD, when devising interventions at the individual level, primarily concentrate on the individuals within organizations, operating under the belief that organizational effectiveness stems from enhanced strategies for incorporating employees into the organizational framework.²³⁶

⇒ **Human resources management:**

This section delves into interventions utilized for the development, integration, and support of individuals within organizational settings. These strategies encompass career development planning, incentive structures, objective establishment, and performance evaluation - all of which have historically been linked to the human resources domain in organizations.²³⁷

Goal-setting (also conceptualized to improve employee groups)

Goal setting is intricately linked to both Management by Objectives (MBO) and feedback methodologies. The primary emphasis lies in defining challenging yet achievable objectives for specific, critical areas of

²³⁴ Senge, P. 1990. The fifth discipline: The art and practice of the learning organization in: Singh, R., Ramdeo, S. (2020), Ibid , p 385.

²³⁵ Bateson, G. 2000. Steps to an ecology of mind in: Singh, R., Ramdeo, S. (2020), Ibid , p 385.

²³⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 34.

²³⁷ Gummings and Worley (2009), Ibid, p 159.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

job performance. While employee involvement in the creation or negotiation of goals is not obligatory, nor is the formal connection of goal achievement to performance evaluations or incentives.²³⁸ It is a program in which the top-tier leadership of each department convenes biannually with the group's vice president, the organization's head, and essential central personnel to assess the unit's goals and identify shared priorities crucial for achieving the objectives in the upcoming year or months. This procedure necessitates the proactive engagement of the management team within the department, fostering increased participation across the organization and cultivating a sense of "ownership" in both the unit's and the organization's goals..²³⁹

As part of an Organizational Development (OD) intervention, the professional conducts a diagnostic assessment to evaluate the needs of both individuals and groups. It is crucial for the OD practitioner to delve into the extent of employee participation in setting goals in order to ascertain the level of interaction and communication required to enhance the relationship between management and employees and mitigate conflicts. In order to equip organizational employees, they must be well-versed in goal-setting techniques through training and comprehend the steps involved in action planning. Collaboratively, employees and management collaborate to establish both personal and team objectives that align with the organization's overarching strategic goals. Many organizations have embraced the Management by Objectives (MBO) approach to streamline the goal-setting process.²⁴⁰

Performance appraisals (also conceptualized to improve employee groups)

A performance appraisal is a formal assessment and evaluation of an employee's or work group's job performance. In the conventional method, the appraisal is carried out by the employee's supervisor or manager. In modern organizations, appraisals can also be conducted by colleagues and subordinates, as well as by the individual themselves through self-assessment. The purpose of a performance appraisal is to determine whether employees are exhibiting behaviors that are in line with their personal work objectives and the overarching strategy of the organization.²⁴¹

This concept aids authorities in identifying both the deficiencies and proficiencies in an employee's performance, with the goal of addressing any shortcomings and enhancing strengths. Additionally, this concept assists in forecasting the prospective job performance of the individual, thereby enabling the assessment of potential career advancement and growth opportunities. Moreover, this evaluation allows for the differentiation between employees exhibiting exceptional performance and those displaying average or subpar performance, while also providing insights into the underlying factors influencing performance in each scenario.²⁴²

²³⁸ RICHARD A. GUZZO et al (1985), p 278.

²³⁹ Beckhard. Richard, An organization improvement program in a decentralized organization. The Journal of Applied Behavioral Science, volume 2, n 1, 1966, p 18.

²⁴⁰ Singh, R., Ramdeo, S. (2020), Ibid , p 39.

²⁴¹ Singh, R., Ramdeo, S. (2020), Ibid , p 40.

²⁴² عادل محمد زايد، مدخل مؤسسي- لإدارة الأداء التنظيمي، المنظمة العربية للتنمية البشرية بحوث و دراسات، جمهورية مصر- العربية، 2017، ص 92-93.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

We can enhance *Performance Appraisal* systems by implementing the following strategies:²⁴³

- Examine the fundamental principles, criteria, and methodologies of performance assessment utilized within the organization, while pinpointing both its merits and deficiencies.
- Analyze opportunities for enhancement and advancement within the organization's performance evaluation system by identifying areas in need of development. This involves eliminating the following components:
 - Revise current foundations and standards or introduce novel ones.
 - Revising the existing principles and standards in place..
 - Introduce novel methodologies or instruments, or eliminate current methodologies and instruments in the realm of performance assessment.
 - Enhance the authority to implement regulations and assess effectiveness.
 - Implemented enhancements in various domains to capitalize on evaluation findings.

Reward Management Interventions

According to Herzberg's dual-factor theory (comprising motivation and hygiene factors), an employee benefit program was deemed an essential and adequate working condition. The hygiene factor plays a crucial role in influencing employees' work motivation and consequently their productivity.²⁴⁴ Hence, it is imperative for organizations to strategically design and establish a compensation framework for the tasks executed by individual employees. A job encompasses multiple assignments. The job framework entails the comparative remuneration for various positions, while the pay scale represents the standard amount compensated for a specific role. The job framework and pay scale are pivotal in shaping the overall compensation structure. When crafting a reward system, organizations evaluate legal mandates, market dynamics, labor market conditions in terms of both quantity and caliber, and align with organizational strategic objectives.²⁴⁵

Furthermore, Vroom posited in his expectancy theory that individuals engage in work with the anticipation of receiving various rewards, whether they be spiritual or material, with welfare being a significant component. Essentially, the level of reward directly impacts the caliber and quantity of work produced, subsequently affecting overall productivity. Therefore, it is crucial to delve into strategies for providing incentives, such as welfare benefits, to enhance work motivation and productivity.²⁴⁶ Organizations utilize their compensation structure to attract and retain top-tier, skilled employees who possess the requisite knowledge, expertise, and competencies necessary to elevate productivity, effectiveness, and creativity.²⁴⁷

²⁴³ مصطفى محمود أبو بكر: التنظيم الإداري في المنظمات المعاصرة، دون طبعة، الدار الجامعية، مصر، 2007، ص 369.

²⁴⁴ Hong, J., S. Yang, E. Chiou, F. Sun, and T. Huang. 1995. Impact of employee benefits on work motivation and productivity. *The International Journal of Career Management*, volume 7, number 6, p 10.

²⁴⁵ Singh, R., Ramdeo, S. (2020), *Ibid*, p 43.

²⁴⁶ Hong et al(1995), *Ibid*, p 10.

²⁴⁷ Singh, R., Ramdeo, S. (2020), *Ibid*, p 43.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Similar to the establishment of goals, incentive structures can be tailored to specific job roles and achievements, as well as to collective functions and targets. Furthermore, they can be aligned with conventional work arrangements that necessitate external methods of regulation, or with more sophisticated, autonomous arrangements that call for self-governance by employees.²⁴⁸

Reward management pertains to the strategic allocation of a well-balanced combination of incentives or remuneration in recognition of performance.²⁴⁹

Reward systems aim to incentivize and reinforce desirable behaviors and job performance by offering compensation and various forms of acknowledgment.²⁵⁰

When formulating a compensation structure, there are multiple factors to consider in order to establish the most effective incentive plans to optimize employee productivity. These factors are outlined as follows:²⁵¹

- ⇒ *Pay for performance (individual)*: Organizations employ a diverse array of incentive schemes to recognize and reward individual achievements, such as piecework rates, merit-based compensation, standard hour plans, bonuses, and commissions.
- ⇒ *Incentive pay*: A compensation structure in which predetermined employee actions dictate the level of remuneration. For example, a company may offer a combination of commissions, bonuses, and base salary to its employees.
- ⇒ *Pay for performance (group)*: An organization may opt to provide collective incentives to foster collaboration and knowledge exchange among employees. These incentives may encompass gainsharing, bonuses, and rewards. A gainsharing initiative evaluates enhancements in productivity and efficiency, with the organization subsequently distributing a portion of the gains to its employees.
- ⇒ *Pay for organizational performance*: Companies provide incentive compensation to employees based on the company's performance. Performance is typically assessed by factors such as profitability and earnings per share. In order to inspire employees, companies provide incentives at the organizational level, such as profit sharing and stock ownership.

Coaching and Mentoring programme intervention

Coaching and mentoring interventions are transformative initiatives designed to cultivate the skills and potential of staff members. These interventions represent a specialized branch of Organizational Development (OD), leveraging the principles of applied behavioral science to enhance the capabilities and performance of individuals. They are characterized by their deeply personal nature, typically

²⁴⁸ Gummings and Worley (2009), Ibid, p 420.

²⁴⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 43.

²⁵⁰ Gummings and Worley (2009), Ibid, p 420.

²⁵¹ Singh, R., Ramdeo, S. (2020), Ibid , p 44-46.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

involving a one-on-one dynamic between employees in order to foster the growth of others within the organization..²⁵²

In this consultancy role, the consultant collaborates with individual clients to assist them in gaining insight into how their behavior is perceived by others. The consultant also facilitates the process of learning and integrating new behaviors that align with the clients' specific goals. These activities involve receiving feedback from others and exploring alternative behaviors with the consultant's guidance.²⁵³

Coaching involves a brief intervention where a subject matter expert, known as the coach, concentrates on enhancing and/or cultivating the particular competencies or skills of employees to enhance performance. On the other hand, mentoring is a prolonged endeavor aimed at nurturing employees to enhance the talent reservoir within the organization. This undertaking is led by mentors, with the individuals being developed referred to as mentees.²⁵⁴ Coaching entails assisting clients in comprehending how their behaviors are influencing the present circumstances.²⁵⁵

It is among the rapidly expanding sectors of organizational development (OD) practice. The International Coach Federation (ICF), established in 1995, experienced a membership surge from over 5,500 in 2002 to more than 11,000 in 2006. Meanwhile, CoachVille, the foremost global network and educator of coaches, boasts a membership exceeding 30,000. Both organizations provide coaching certification courses and set standards to elevate the professionalism of the industry..²⁵⁶

The following outlines principles for creating and executing a coaching and mentoring initiative.²⁵⁷

- ⇒ **Selecting employees as recipients for coaching and mentoring:** Initially, perform a thorough evaluation. The organizational development practitioner utilizes a range of assessment instruments, including aptitude and personality assessments, surveys, and performance evaluations, to ascertain the requirements of the workforce. In the presence of a structured coaching and mentoring initiative within the organization, it is imperative that all employees have equal and unrestricted access to it without any form of discrimination.
- ⇒ **Selecting coaches and mentors:** Coaches and mentors should possess the requisite skills, knowledge, and expertise. Those chosen as mentors should undergo training to effectively carry out their roles. Coaches should be cognizant of their skill constraints, considering their specialization in particular areas.
- ⇒ **Establishing the goals of the relationships:** The coach and the employee establish the objectives to be accomplished from the beginning. The professional performs a diagnostic evaluation and utilizes the input to create a strategic plan. Similar to setting goals, these objectives are precise, quantifiable, and bound by time constraints.

²⁵² Singh, R., Ramdeo, S. (2020), Ibid , p 47.

²⁵³ Sharma and Rai (2021), Ibid, p 33.

²⁵⁴ Singh, R., Ramdeo, S. (2020), Ibid , p 47.

²⁵⁵ Gummings and Worley (2009), Ibid, p 452.

²⁵⁶ Gummings and Worley (2009), Ibid, p 451.

²⁵⁷ Singh, R., Ramdeo, S. (2020), Ibid , p 49.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ **Developing action plans:** The action plan delineates the precise tasks to be undertaken during the designated timeframe. A schedule is set up to reassess objectives and advancements, with input given to the employee.
- ⇒ **Executing action plans:** During the organized meetings, the components of the action plan are implemented. The coach takes on a supportive role, facilitating learning for the worker.
- ⇒ **Evaluating results against goals:** At the conclusion of the designated time frame, the professional conducts a post-evaluation to ascertain the attainment of the objectives.

Training Programme Intervention

Activities designed to enhance the proficiency, capabilities, and knowledge of individuals exhibit a vast array of characteristics and extents. These activities may center on refining technical competencies crucial for effective task performance, or they may be oriented towards nurturing personal growth. Certain activities may concentrate on honing leadership aptitude, team member duties and roles, decision-making prowess, problem-solving methodologies, goal-setting approaches, and efficient planning techniques.²⁵⁸ Contained within this compilation are a diverse array of methodologies aimed at optimizing employee productivity through educational means, such as behavior modeling, interpersonal skills training, leadership workshops, and the like.²⁵⁹ Key focus areas encompass employee involvement in university courses, national symposiums, and department-led executive education programs that underscore skill enhancement in change leadership, team dynamics, and impactful leadership, communication proficiency, decision-making prowess, goal establishment, budgetary oversight, and financial acumen.²⁶⁰

Career Planning and Development Interventions

Strategic goal-setting is crucial for both personal and organizational success. Various interventions are designed to align the personal and professional aspirations of individual members within an organization, empowering them to take charge of their own future. Herbert A. Shepherd is widely credited as the pioneer of these initiatives, and his contributions to organizational development programs are highly esteemed.²⁶¹

The career trajectory encompasses a series of positions in which employees have the opportunity to advance and transition throughout their professional journey, whether laterally through job rotations or vertically ascending from the foundation of the organizational hierarchy to its pinnacle through promotions.²⁶²

²⁵⁸ French and Bell (1978), Ibid, p 107.

²⁵⁹ RICHARD A. GUZZO et al (1985), p 277.

²⁶⁰ Wayne Boss et al (2010),Ibid, p 442

²⁶¹ French and Bell (1978), Ibid, p 146-147.

²⁶² عمر وصفي عقيلي: إدارة الموارد البشرية المعاصرة (بعد استراتيجي)، الطبعة الثانية، دار وائل للنشر والتوزيع، الأردن، 2009، ص 545.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Career planning encompasses a variety of strategic activities designed to assist individuals within an organization in identifying and pursuing their professional goals. These activities may include discussions on goals and objectives, career inventories, and assessments of one's capabilities. ²⁶³

Career Planning and Development: It primarily centers around managers and professional staff, serving as a means to enhance the quality of their professional experience.. ²⁶⁴

Career planning typically centers around managers and professional employees, serving as a means to enhance the quality of their work experience by assisting them in selecting career trajectories and achieving career goals.. ²⁶⁵

Research indicates that employees traverse a minimum of four discernible career phases as they evolve and accrue experience. Each phase presents distinct considerations, requirements, and obstacles. ²⁶⁶

- ⇒ **The establishment stage (ages 21–26).** This phase marks the inception of a professional journey where individuals often experience feelings of uncertainty and anxiety regarding their abilities and future prospects. They rely on the guidance, support, and feedback of others, particularly superiors and more seasoned colleagues. During this period, individuals are faced with the initial decisions of dedicating themselves to a particular career, company, and position. They are in the process of exploring various opportunities while gaining insight into their own skills and potential.
- ⇒ **The advancement stage (ages 26–40).** During this stage, employees transition into autonomous professionals focused on progression and success in their respective fields. They have acquired the skills to work independently, requiring minimal supervision from superiors and fostering stronger relationships with peers. This phase is also marked by efforts to define and pursue various long-term career prospects.
- ⇒ **The maintenance stage (ages 40–60).** This phase entails consolidating and maintaining career achievements. Individuals in this stage have typically reached their peak accomplishments and are now focused on mentoring less-experienced colleagues. For those who are discontent with their career trajectory, this phase can be tumultuous and disheartening, commonly referred to as a "midlife crisis." Individuals often reassess their situations, explore different options, and pivot their career pursuits. Triumph in these pursuits can result in ongoing development, while setbacks can lead to premature stagnation.
- ⇒ **The withdrawal stage (age 60 and above).** The culmination of one's career entails the process of transitioning out of the workforce. This phase encompasses detaching oneself from organizational ties and preparing for an increased amount of leisure time as well as retirement. The primary focus of the employee during this time is to pass on their knowledge and experience to others.

²⁶³ Sharma and Rai (2021), Ibid,p 33

²⁶⁴ T.I. Kuzhda , ORGANIZATIONAL DEVELOPMENT INTERVENTIONS, Ibid, p 340.

²⁶⁵ Singh, R., Ramdeo, S. (2020), Ibid , p 49.

²⁶⁶ Gummings and Worley (2009), Ibid, p 454-455.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Individuals who have found contentment in their careers may experience a sense of fulfillment during this period and be more open to moving on from their current professional endeavors.

As an organizational development intervention, a career planning and development program enables employees to delve into their career prospects within the company and pinpoint areas for further exploration.²⁶⁷

- ⇒ **Setting goals:** The individual establishes specific or broad career objectives based on self-awareness and external circumstances. These objectives should be attainable, with a clearly defined outcome.
- ⇒ **Understanding the stages:** When formulating a career advancement initiative, it may be imperative to provide training for employees to gain insights into career pathways and professional growth. Effective communication between the employee and the organization is crucial during this phase. Employees can explore different avenues for career progression, enhancing their skillsets, and potential promotion prospects. The professional overseeing the program should administer assessments, including personality and aptitude tests, to pinpoint employee strengths, areas requiring improvement, and future training requirements.
- ⇒ **Developing plans:** The employee, in certain instances in collaboration with the career advisor, formulates a strategic action plan to accomplish the predetermined objectives. Specific actions are delineated, and deadlines are established.
- ⇒ **Developing processes to execute plans:** This phase encompasses the execution of the strategic plan, enhancing the likelihood of achieving goals successfully by delineating specific actions to be taken and setting clear timelines for their completion.
- ⇒ **Evaluation of processes and feedback:** Advancement is evaluated through the acquisition of input and feedback from a diverse array of sources, including internal sources within the organization (such as supervisors, managers, and colleagues) as well as external sources outside the organization (like family and friends). During this phase, the individual evaluates the attainment of their objectives and initiates a new cycle of career management endeavors.

Gumming and Worley (2009) outline various *career planning* and *management strategies* (refer to the table above) that can be customized to cater to the diverse requirements of the workforce.²⁶⁸

Table N 2.4 : Career Development Interventions

INTERVENTION	CAREER STAGE	PURPOSE	INTENDED OUTCOME
Realistic job preview	Establishment Maintenance Advancement	To provide members with an accurate expectation of work requirements	Reduce turnover Reduce training costs Increase commitment

²⁶⁷ Singh, R., Ramdeo, S. (2020), Ibid , p 51.

²⁶⁸ Gumming and Worley (2009), Ibid, p 457-458.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Assessment centers	Establishment Maintenance Advancement Withdrawal	To select and develop members for managerial and technical jobs	Increase person-job fit Identify high-potential Candidates
Job rotation and challenging assignments	Establishment Maintenance Advancement	To provide members with interesting work assignments leading to career objective	Reduce turnover Build organizational knowledge Increase job satisfaction Maintain member Motivation
Consultative roles	Maintenance Withdrawal	To help members fill productive roles later in their careers and provide less experienced members with exposure to key knowledge and skill	Increase problemsolving capacity Increase job satisfaction Increase member Motivation
Developmental training	Establishment Maintenance Advancement Withdrawal	To provide education and training opportunities that help members achieve career goals	Increase organizational Capacity
Performance management	Establishment Maintenance Advancement Withdrawal	To provide members with knowledge about their career progress and work effectiveness	Increase productivity Increase job satisfaction Monitor human resources Development
Work–life balance	Establishment Maintenance Advancement Withdrawal	To help members balance work and personal goals	Improve quality of life Increase productivity & morale Increase organizational commitment Decrease absenteeism Decrease turnover

Source: Gummings and Worley (2009), Ibid, p 459.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Career strategizing and advancement aid in the attraction and retention of exceptionally skilled individuals, while also enhancing the probability of effectively utilizing their expertise and acumen. ²⁶⁹

Offering career advancement and leadership training initiatives is instrumental in attracting and retaining proficient and insightful employees. Numerous highly skilled candidates, particularly individuals from minority groups and women, exhibit a strong inclination towards employers that provide avenues for professional growth and leadership development. ²⁷⁰

Management and Leadership Development Interventions

Factors such as swift transformations, growing uncertainty, and intricacy are heightening the demand for initiatives aimed at developing leadership and management. The process of globalization, shifts in structure, and the rise in workforce diversity call for a strategic outlook. Consequently, individuals occupying managerial roles at lower echelons must also embody leadership qualities, as this responsibility is no longer exclusive to those at the top of the organizational hierarchy. In practical terms, interventions focused on the development of management and leadership skills are put into action to bolster proficiency and efficacy in various domains related to both management and leadership. ²⁷¹

Management Development is a fundamental concept in *Organizational Development*, crucial for ensuring effective organizational management. Senior management plays a pivotal role in establishing overarching policies and making key decisions. This is achieved through the implementation of strategies aimed at enhancing managerial behavior, honing the decision-making skills of senior leaders, and refining their planning abilities. Furthermore, skills are enhanced by delving into advanced planning concepts and methods through structured *Administrative Development Programs*, with training serving as a vital tool for enhancing the capabilities of the administrative structure. ²⁷²

Management and leadership enhancement initiatives stand out as highly sought-after *organizational development* interventions designed to cultivate talent and enhance employee retention, alongside coaching, mentoring, and career planning interventions. *Management development* centers on the essential functions expected of a manager, including planning, organizing, leading, and controlling, which are imperative for executing the daily operations of the enterprise.. ²⁷³

We have two type of *Management and Leadership Development* Program :

Long-term programs: The objective is to thoroughly equip individuals with a diverse set of skills suitable for administrative roles at varying levels, including potential future leaders. Participants selected for this program exhibit ambition and preparedness for assuming leadership responsibilities. The program focuses on training individuals on how to effectively oversee various aspects of organizational activities, such as production management, sales management, and human resources management. A considerable

²⁶⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 50.

²⁷⁰ Gummings and Worley (2009), Ibid, p 454.

²⁷¹ Singh, R., Ramdeo, S. (2020), Ibid , p 52.

²⁷² صلاح الدين محمد عبد الباقي، الجوانب العلمية و التطبيقية في إدارة الموارد البشرية بالمنظمات، دون طبعة، الدار الجامعية، مصر، 2001 ، ص 196.

²⁷³ Singh, R., Ramdeo, S. (2020), Ibid , p 52.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

amount of time is dedicated in the program to establish connections between the formulated policies for each activity or process. This type of program is highly comprehensive, covering a wide range of topics, and typically extends over a period of one to two years.²⁷⁴

Short-Term Programs: In this particular approach, the organization selects managers with a deep-rooted management ethos and extensive experience. The aim is to immerse these managers in the latest developments across diverse management disciplines. The primary goal of such programs is to refresh the knowledge base of these managers. A pivotal requirement for the success of this approach is that the participant possesses a well-established culture and experience derived from their managerial endeavors.²⁷⁵

As an organizational development and change (ODC) intervention, the following steps delineate the process:²⁷⁶

- ⇒ **Goal-setting:** The knowledge, competencies, and skills to be cultivated are delineated through goal setting. Management and leadership development initiatives encompass a diverse array of training and developmental endeavors. As such, the strategic direction of the organization influences the objectives that are set.
- ⇒ **Determining management and leadership needs:** When conducting a personal needs assessment, the professional gathers information from potential and existing managers to ascertain the individual's current abilities, strengths, and areas requiring improvement. Utilizing interviews, focus groups, and surveys can assist in pinpointing the most suitable actions for the individual. Additionally, an organizational needs assessment should be conducted to pinpoint the strategic direction of the organization and identify the specific leadership and management proficiencies necessary to propel the organization towards its objectives. As interventions are put into practice, managers should be afforded opportunities to apply their newfound skills and knowledge in the workplace.
- ⇒ **Developing action plans:** After the evaluation, a comprehensive action plan is formulated, outlining the specific activities required at both the individual and organizational levels. The optimal method for implementing these interventions is determined, ensuring that they are in sync with the subsystems and making any necessary adjustments to facilitate successful implementation.
- ⇒ **Executing the action plan:** The interventions have been executed. The identified individuals have been notified, and invitations have been extended to participate in the respective interventions. Following the completion of the development program, individuals reintegrate into their original positions, where they are tasked with implementing the essential knowledge, skills, and competencies acquired during the program.

²⁷⁴ مايكل آرمسترونج، الإدارة الاستراتيجية للموارد البشرية، ترجمة: إيناس الوكيل، الطبعة الأولى، مجموعة النيل العربية، مصر، 2008، ص 50.

²⁷⁵ خليل الشماخ وخضير حمود، مرجع سابق، ص 85.

²⁷⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 53-54.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

⇒ **Evaluation of intervention:** The program is assessed to ascertain the extent to which the objectives have been met. In accordance with the Kirkpatrick model of training evaluation, this will involve evaluating the response to the training, the knowledge acquired, the behaviors displayed in the professional environment that demonstrate the skills acquired during the training, and the outcomes in terms of enhanced efficiency and effectiveness.

Stress and Wellness Management Interventions

Stress can be defined as the emotional and physical strain that arises from situations or thoughts linked to frustration, anxiety, or anger. Wellness, on the other hand, entails fostering healthy habits in the workplace to enhance the well-being of employees.²⁷⁷

Stress has been associated with hypertension, myocardial infarction, diabetes, bronchial asthma, persistent pain, allergic reactions, migraines, lumbar pain, diverse dermatological conditions, malignancy, compromised immune response, and alterations in leukocyte count and functionality. Furthermore, it can precipitate alcohol dependency and substance misuse, issues that are escalating to epidemic levels within both corporate entities and communities. Within organizations, these individual repercussions can translate into substantial expenses related to healthcare benefits, absenteeism, staff turnover, and diminished productivity..²⁷⁸

Stressors are external stimuli that have the capacity to induce stress. This begs the question: is all stress inherently negative? When experienced in moderation, stress can serve as a catalyst for personal growth and development. However, when stress levels escalate, the repercussions can be detrimental to both the individual and the organization at large. Stress can lead to a myriad of attitudinal, behavioral, psychological, and physiological responses. As a result, organizations implement *Stress Management and Wellness Programs* to address these issues.²⁷⁹

Studies exploring the correlation between workload and stress outcomes have demonstrated that an excessive or insufficient amount of work can lead to adverse effects. Evidently, when the workload aligns with individuals' skills and expertise, stress can enhance performance and contentment. Conversely, when the workload surpasses employees' capabilities (overload) or does not engage them adequately (underload), stress is perceived in a detrimental manner.²⁸⁰

Workplace stressors can be categorized into four primary domains. These encompass:²⁸¹

⇒ **Physical environment:** Stress can be induced by adverse and hazardous conditions. For example, non-compliance with industry health and safety regulations by the organization can lead to employees being compelled to work in unsafe environments.

²⁷⁷ Singh, R., Ramdeo, S. (2020), Ibid , p 54.

²⁷⁸ Gummings and Worley (2009), Ibid, p 479.

²⁷⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 54.

²⁸⁰ Gummings and Worley (2009), Ibid, p 482.

²⁸¹ Singh, R., Ramdeo, S. (2020), Ibid , p 55.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

- ⇒ **Individual:** Individuals who wield authority by virtue of their position frequently encounter role overload. The continuous demands of their job lead to substantial workloads and the need to juggle multiple responsibilities, ultimately impacting their work-life equilibrium. The prevalence of information technology further exacerbates the pressure on managers, as they are expected to be available around the clock, responding to emails and messages even during their personal time. Moreover, their position necessitates making critical decisions on a daily basis, with far-reaching implications for the organization's prosperity, for which they are held accountable and bear responsibility.
- ⇒ **Group:** These factors encompass workplace bullying, sexual harassment, and discrimination.
- ⇒ **Organizational:** Regarding job design, elevated job demands coupled with a lack of autonomy in decision-making or clear task expectations (i.e., role ambiguity) can lead to heightened stress and frustration among workers. Additionally, the rise in contract positions has contributed to job insecurity, leaving employees uncertain about the renewal of their employment contracts.

Stress interventions aim to pinpoint the underlying factors contributing to stress and devise effective strategies to alleviate or eradicate the stressors. Moreover, wellness interventions are focused on formulating and executing coping mechanisms. In cases where a stressor impairs an employee's job performance, it is imperative for the organization to provide support. The following are detailed descriptions of four interventions designed for this purpose:

- a) **Role Clarification:** This entails assisting employees in gaining a deeper comprehension of the responsibilities associated with their positions. A manager's duties are intertwined within a complex web of interactions with other managers, each of whom holds distinct standards regarding the manager's performance. Role elucidation is a methodical procedure aimed at unveiling the expectations of others and reaching a shared agreement on the tasks encompassing a specific role.²⁸²
- b) **Employee assistance programmes (EAP):** These are professional counseling services aimed at supporting employees in addressing work and personal challenges that may affect their physical and emotional well-being, as well as their professional performance. These interventions are designed to help employees navigate issues such as family dynamics, interpersonal relationships, substance abuse, financial difficulties, and mental health concerns. In times of layoffs and workforce reductions, organizations can offer counseling services to both departing employees and those who will remain with the company..²⁸³
- c) **Supportive Relationships:** Fostering supportive relationships is designed to assist employees in managing stress rather than altering the stressors themselves. This entails cultivating trusting and authentically positive connections among team members, encompassing leaders, subordinates, and colleagues. Supportive relationships have long been a cornerstone of organizational development and play a crucial role in various initiatives such as team building, intergroup

²⁸² Gummings and Worley (2009), Ibid, p 484.

²⁸³ Singh, R., Ramdeo, S. (2020), Ibid , p 56.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

dynamics, employee engagement, job design, objective setting, and professional growth and advancement.²⁸⁴

- d) **Health Facilities:** An increasing number of organizations are offering amenities to assist employees in managing stress. Sophisticated exercise facilities are maintained by renowned companies like Qualcomm, Xerox, Weyerhaeuser, Google, and PepsiCo, with the majority of Fortune 500 companies implementing corporate cardiovascular fitness programs. Apart from exercise facilities, certain companies, such as McDonald's and Equitable Life Assurance Society, provide biofeedback facilities where managers can take relaxation breaks using biofeedback devices to monitor respiration and heart rate. The feedback from this data assists managers in reducing their respiration and heart rates. Some companies allocate time for employees to engage in meditation, while others have wellness programs that promote healthy diets and lifestyles.²⁸⁵

Diversity Management Interventions

Managing workforce diversity is a burgeoning phenomenon in the contemporary business landscape that demands consideration in the realm and implementation of Organizational Development (OD). The interconnectedness brought about by globalization, in conjunction with advancements in technology, has effectively eradicated geographical boundaries. As a result, organizations are no longer confined to recruiting talent solely within a specific location; rather, individuals now actively pursue employment opportunities and are open to relocating.²⁸⁶

Researchers posit and managers affirm that the current workforce demographics have undergone a significant transformation compared to two decades ago. Employees now encompass individuals from diverse ethnicities and races, spanning a wide spectrum of educational backgrounds, ranging from highly educated to unlettered. Moreover, employees exhibit a wide age range, from 18 to 80 years old, and may present varying health conditions, including terminal illnesses. Additionally, employees may belong to single-parent households or be part of dual-income, divorced, same-sex, or traditional families. Furthermore, employees may face physical or mental challenges.²⁸⁷ Organizations must develop human resource systems that recognize these distinctions in order to attract and retain an efficient workforce and to leverage diversity as a competitive edge.²⁸⁸

In the contemporary business landscape, companies must take a proactive approach to adjusting to the shifting dynamics of the labor market by embracing diversity management. The makeup of the workforce is undergoing changes, leading companies to seek out more inclusive and diverse employees. Additionally, the revisions and enforcement of new legislation and regulations are safeguarding employees from discriminatory behaviors, compelling organizations to develop strategies to foster fairness and impartiality. Consequently, companies must guarantee that their human resources policies

²⁸⁴ Gummings and Worley (2009), Ibid, p 484.

²⁸⁵ Gummings and Worley (2009), Ibid, p 485.

²⁸⁶ Singh, R., Ramdeo, S. (2020), Ibid , p 57.

²⁸⁷ Gummings and Worley (2009), Ibid, p 473.

²⁸⁸ Gummings and Worley (2009), Ibid, p 473.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

and protocols are designed to attract and retain a high-performing workforce, while also cultivating an organizational culture that champions inclusivity and mutual appreciation for individual distinctions.²⁸⁹

As depicted in the table provided, it outlines a range of internal and external challenges that organizations encounter, such as age, gender, disability, culture and values, and sexual orientation. The table further details the prominent patterns associated with these factors, the impact on organizations, workforce requirements, and targeted organizational development interventions to effectively address these issues.

290

Table N 2.5 : Work Diversity Dimensions and Interventions

WORKFORCE DIFFERENCES	TRENDS	IMPLICATIONS AND NEEDS	INTERVENTIONS
Age	Median age up Distribution of ages changing	Health care Mobility Security	Wellness program Job design Career planning and development Reward system
Gender	Percentage of women increasing Dual-income families	Child care Maternity/paternity leave Single parents	Job design Fringe benefit rewards
Disability	The number of people with disabilities entering the workforce is increasing	Job challenge Job skills Physical space Respect and dignity	Performance management Job design Career planning and development
Culture and values	Rising proportion of immigrant and minority-group workers Shift in rewards	Flexible organizational policies Autonomy Affirmation Respect	Career planning and development Employee involvement Reward systems
Sexual orientation	Number of single-sex households up More liberal attitudes toward sexual	Discrimination	Equal employment opportunities Fringe benefits Education and

²⁸⁹ Singh, R., Ramdeo, S. (2020), Ibid , p 58.

²⁹⁰ Gummings and Worley (2009), Ibid, p 475.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

	orientation		training
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Source: Gummings and Worley (2009), Ibid, p 475.

Third-Party Interventions

Conflict arises from varying perceptions, as individuals harbor divergent viewpoints and the intentions behind the actions of the opposing party may be ambiguous. Conflict has the potential to stimulate motivation and foster innovation, facilitating a deeper comprehension of differing ideas and perspectives. Conversely, it can impede collaborative efforts, disrupting essential task coordination within groups..²⁹¹

Not all conflicts are homogeneous. Two distinct categories, namely constructive conflict and relationship conflict, can delineate conflicts. Constructive conflict arises when the matter under discussion is the primary focus, and there is a shared respect for the perspectives of the parties involved. This form of conflict fosters the clarification of ideas and the proposal of suggestions for enhancement purposes. In fact, elevated levels of constructive conflict are advocated for, as the issue or objective remains the central point of the conflict. On the other hand, relationship conflict centers around the individuals rather than the task at hand, resulting in interpersonal strains among the parties. The personal criticisms targeting the individual's credibility, competence, and character divert attention from the task. If left unchecked, it can lead to breakdowns in communication and hostility, and can elicit intense emotional responses from the involved parties. As a result, high levels of relationship conflict are discouraged.²⁹²

Third-party interventions are centered on conflicts that emerge among multiple individuals within a shared organizational setting. Conflict is an inherent aspect of groups and organizations, stemming from a variety of sources such as disparities in personality, task priorities, interdependent goals, and differing perceptions among group members, as well as the competition for limited resources.²⁹³

The fundamental aspect of third-party intervention is the acknowledgment of confrontation: both parties must be willing to recognize the presence of conflict and its impact on the efficacy of those involved. The mediator must possess the ability to strategically employ coping mechanisms to manage the conflict effectively.²⁹⁴ Effective third-party mediation can enhance the interpersonal dynamics between the main parties involved and assist them in honing their abilities in conflict resolution, communication, and critical thinking.²⁹⁵

When addressing significant matters, conflict resolution interventions frequently encompass the settlement of labor-management disagreements via arbitration and mediation. The techniques employed in these substantial interventions necessitate extensive training and proficiency in legal and labor relations, and are typically distinct from organizational development (OD) practices. Conversely, when

²⁹¹ Gummings and Worley (2009), Ibid, p 259.

²⁹² Singh, R., Ramdeo, S. (2020), Ibid , p 61.

²⁹³ Gummings and Worley (2009), Ibid, p 259.

²⁹⁴ French and Bell (1978), Ibid, p 142.

²⁹⁵ Patrick S. Nugent and Laurie A. Broedling, *Managing Conflict: Third-Party Interventions for Managers* [and Executive Commentary], *The Academy of Management Executive* (1993-2005), Vol. 16, No. 1, Theme: Focusing on the Positive and Avoiding the Negative (Feb., 2002), p 140.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

conflict pertains to interpersonal matters, OD has devised strategies to manage and resolve it. These third-party interventions aid the involved parties in engaging directly with one another, acknowledging each party's individual decisions, and facilitating the identification and resolution of the conflict.²⁹⁶

Figure N 2.5: Organizational Development Interventions



Source: Adapted by the researcher

2.5 Organizational Performance:

Performance is one of the most argued concepts about which there has never been an agreement among various researchers and theorists. This index with different definitions have been used in various disciplines like airline, education, management, and computer science. Cameron 1986 refers to an

²⁹⁶ Gummings and Worley (2009), Ibid, p 259.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

absence of sufficient understanding or clarification in the definition of the concept of performance. In the absence of any operational definition of performance upon which the majority of the relevant scholars agree, there would naturally be different interpretations and inferences opined by various people according to their own perceptions. This discord and lack of agreement is partly due to the lack of a significant attempt to theoretically or practically account for and define the concept. As a result, a commonly accepted definition of the concept faces various problems, which means that the possibility of any definitions and deriving some norms to arrive at the desired definition is still questionable.

Organizations perform various activities to accomplish their organizational objectives. It is these repeatable activities that utilize processes for the organization to be successful that must be quantified in order to ascertain the level of performance and for management to make informed decisions on where, if needed, within the processes to initiate actions to improve performance. Therefore, it can be claimed that there is a close relationship between the organizational objective and the concept of organizational performance. Therefore, all companies probably attempt to achieve certain pre-determined objectives with the help of available resources. Hence, the two aspects of the concept, i.e., the organizational objective, and the organizational inputs or resources can be considered in the definition of organizational performance.²⁹⁷

Some researchers, such as Thompson 1967, and Friedlander and Pickle 1968 consider performance as a theme that repeatedly occurs in paradigms of management. Strategic and operations management are also included in performance, a feature that attracts the interest of both practicing managers and academic scholars. Performance, therefore, can be defined as the evaluation of the constituents that try to assess the capability and ability of a company in achieving the constituents' aspiration levels using efficiency, effectiveness, or social referent criteria, which are briefly explained below.

Effectiveness, refers to the maximum extent production functions are able to fulfil and meet the demands and requirements of the customer. Efficiency, on the other hand, is assessing and evaluating how the resources of an organization are economically utilized through the accomplishment of functions to achieve its objectives. Quantitatively, performance and the dimension of scale are interrelated, i.e., it is generally quantifiable in different dimensions. As an example, the performance level can be expressed as

²⁹⁷ Hashem Salarzadeh Jenatabadi, An Overview Of Organizational Performance Index: Definitions and Measurements, Department of Science and Technology Studies University of Malaya, Kuala Lumpur, Malaysia, 2015

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

a percentage or an absolute value in a way that makes it easy to understand for directors. According to Macleod et al. [19], the quantitative expression of performance targets is the only way to render them meaningful. Furthermore, performance refers to the nature and quality of an action performed in an company to achieve the accomplishment in its primary functions and tasks to produce profit. ²⁹⁸

2.5.1 Literature of Organizational performance index

The history of performance is classified into six different subcategories. Various ideas and opinions on each of the performance subcategories are discussed in this part. A fairly clear statement on the concept of organizational performance was issued by Etzioni 1969, in which he believed that frequent assessments of organizations have been carried out in relation to the achievement or non-achievement of the set objectives and goals. However, in Etzioni's suggestion, the resources that an organization needs to achieve its objectives and aspirations were not taken into consideration. Some other researchers, such as Chandler 1962 and Thompson 1967 apparently nurtured an idea of organizational performance similar to that of Etzioni. Researchers like these argue that the ultimate criterion of organizational performance is its growth and long- term survival. In other words, continuous improvement of organizational performance forms its vital objective. What these definitions had in common was the "effectiveness" or realization of the objective component of organizational performance. ²⁹⁹

In contrast, Lorsch 1970 has a different suggestion for measuring organizational performance based on two factors, i.e., good fit between the organization and its environments; and good fit between the organization and its individual contributors. Lorsch believed that the performance of an organization is expected to be more successful if there are efficient operations between the organization and its environment and its staff are content with and aspire to contribute to its success and development. ³⁰⁰

However, the statements of Lawrence and Lorsch 1969 do not answer whether there is confusion concurrently between the organization and its environment and between the organization and its staff, and in case of the existence of such a confusion, how the company is able to retrieve its workable balance. The arguments of the above researchers provided the organizational performance concept with a new

²⁹⁸ Sink, D.S., *The Role of Measurement In Achieving World Class Quality and Productivity Management*. 1991.

²⁹⁹ Hashem Salarzadeh Jenatabadi, *ibid*

³⁰⁰ Lorsch, J.W., *Introduction to the structural design of organizations. Organizational structure and design*, 1970: p. 1-16.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

dimension, i.e., "relevancy" (client satisfaction), despite its inability to resolve the discord in the concept.
301

Some researchers believe that in the 1970s the concept of performance dealt with both organizational means and ends ³⁰². Performance is defined as the extent to which a company, as a social system with certain resources, is able to fulfil its goals without being obliged to incapacitate its resources and means or putting excessive strain on its employees. Lupton 1977 treated the concept of organizational performance in the most careful and explicit manner in comparison with other researchers in the same period. According to Lupton, in an effective organization, the productivity rate and levels of satisfaction and motivation of its members are high, while rates of turnover, costs, labour unrest are low or absent. However, according to Katz and Kahn 1987, the efficiency (ratio of outputs to input) and effectiveness of an organization were parallel, both vital components of the overall organizational performance, which can be assessed through maximizing the total returns of all kinds. In summary "*effectiveness*," "*efficiency*," and "*relevancy*" are three dimensions of organizational performance that have been used as common elements in the above- mentioned definitions. ³⁰³

In the 1980s, performance is defined as the extent to which an organization, as a social system, could consider both its means and ends ³⁰⁴. This definition is in line with the earlier one suggested by Georgopoulos and Tannenbaum 1957. Nevertheless, Cherrington 1989 defined organizational performance as a concept of success or effectiveness of an organization, and as an indication of the organizational manner that it is performing effectively to achieve its objectives successfully. ³⁰⁵

In the following decade, the 1990s, Adam 1994 considered organizational performance as heavily dependent on the employees' performance quality. He believed that in order to ensure a high quality organizational performance, it is vital to have regular exposure of the staff of the company to new and

³⁰¹ Lawrence, P.R. and J.W. Lorsch, Organization and Environment: Managing Differentiation and Integration. Boston: Division of research, Graduate Scholl of Business Administraion, Harvard University Press., 1969.

³⁰² Georgopoulos, B.S. and A.S. Tannenbaum, A study of organizational effectiveness. American Sociological Review, 1957. **22**(5): p. 534-540.

³⁰³ Hashem Salarzadeh Jenatabadi, *ibid*

³⁰⁴ Robbins, S.P., Organizational Theory: Structure, Design, and Application, 1987, San Diego: Prentice-Hall.

³⁰⁵ Cherrington, D.J., Organizational behavior: The management of individual and organizational performance. 1989: Allyn and Bacon.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

up-to-date knowledge and skills, which would, in turn, help them keep up with the new changes happening in the market, and, ultimately, enhance the quality of organizational performance. In a "Note on Organizational Effectiveness", Harrison and Freeman 1999, and Adam 1994, confirmed that an effective organization with high standard of performance level is the one that keeps its stakeholders' (shareholders, customers, and its own) demands satisfied. These definitions also support the "relevancy" dimension of organizational performance stated in the earlier definitions above. ³⁰⁶

In the first decade of the twenty-first century, the definition of organizational performance mostly focused on the capability and ability of an organization to efficiently utilize the available resources to achieve accomplishments consistent with the set objectives of the company, as well as considering their relevance to its users ³⁰⁷. In this definition, the three general elements of OP, i.e., "efficiency," "effectiveness," and "relevancy" have been taken into consideration. Conversely, the performance of an organization is believed to be able to cover broader areas including the connection between performance and organizational goals (effectiveness); organizational resources (efficiency); and, satisfaction of the stakeholders (relevancy).

2.5.2 Performance Measurement

Organizational performance has always had a significant influence on the actions of companies. One of the consequences of this influence is the increase in the number and variety of the means and methods to accurately measure the performance and, gradually establishing an important research field for both companies and academics. The last twenty years have, in effect, witnessed performance measurement (PM) ³⁰⁸ gaining the interest of the academics in an ever-increasing number of research fields³⁰⁹. Neely 1999 believed that in the two years between 1994 and 1996, the number of the published academic articles on PM amounted to about 3,615, which, ultimately, resulted in the appearance of one relevant book on the topic every fortnight in the US alone in 1996. Some researchers' attempts, like Marr and Schiuma 2003, in different functional fields, have made available a wide variety of basically different information on PM, which has contributed to the field being well known as a vital part in the literature

³⁰⁶ Hashem Salarzadeh Jenatabadi, *ibid*

³⁰⁷ Peterson, W., G. Gijbbers, and M. Wilks, An organizational performance assessment system for agricultural research organizations: concepts, methods, and procedures. ISNAR Research Management Guidelines, 2003. 7.

³⁰⁸ Metzger, T.J., *Evaluating Capacity Development*. 2007: University of Guelph.

³⁰⁹ Folan, P. and J. Browne, A review of performance measurement: towards performance management. *Computers in Industry*, 2005. 56(7): p. 663-680.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

of the manufacturing strategy³¹⁰. However, PM does not specifically belong to any specific discipline or academics. This feature of PM has rendered the researchers from various backgrounds and disciplines to be reluctant in removing and widening the traditionally set functional boundaries in their studies on the topic.³¹¹

Facing new conditions and organizational realities and due to the upcoming challenge for industrial supremacy, the concept of PM has been developing and evolving drastically in recent years. However, the new environment is apparently turning into a new frontier for PM. More expectedly, in the near future, inter-organizational PM will experience a significant development in fields, such as supply chain as well as extended enterprise. Jagdev and Browne 1998 described the extended enterprise PM to be a closer formation of co-ordination in the design, development, co-ordination of the relative plans of manufacturing and co-operating independent manufacturing enterprises and related suppliers schedules, and costing. This can also be regarded as a consequence of a deviation from the traditional perspective of manufacturing firms that operate within specific and pre-set boundaries, being restricted to limited connection areas and relationships with other organizations and firms, and the excessive focus on internal effectiveness and efficiency of the company alone³¹². This trend is expected to have a significant impact on the PM practices in different companies in the near future. The depth of such an influence is sensible in the literature on PM.

Despite the popularity of the topic of PM and its wide fame among relevant scholars and researchers, very few of them have ever attempted to define it in practice [40]³¹³. Some researchers defined PM as the process of evaluating performance "relative to a defined goal"[41]³¹⁴, "in terms of explicit short-, medium-, and long- term objectives and reporting the results to management"[42]³¹⁵, and "efficiency

³¹⁰ Harrison, J.S. and R.E. Freeman, Stakeholders, social responsibility, and performance: Empirical evidence and theoretical perspectives. *The Academy of Management Journal*, 1999. **42**(5): p. 479- 485.

³¹¹ Cherrington, D.J (1989),. *ibid*

³¹² Peterson, W., G. Gijbbers (2003), *ibid*.

³¹³ Metzger, T.J.(2007), *ibid*.

³¹⁴ Folan, P. and J. Browne, A review of performance measurement: towards performance management. *Computers in Industry*, 2005. **56**(7): p. 663-680.

³¹⁵ Neely, A., The performance measurement revolution: why now and what next? *International Journal of Operations & Production Management*, 1999. **19**(2): p. 205-228.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

and effectiveness" [43]³¹⁶. In the words of Gunasekaran et al. [44]³¹⁷, PM is the process of transferring the complex reality of performance into a sequence of limited symbols that can be communicated and reproduced under similar circumstances.

From the above definitions and the ones suggested by some other researchers, it can be concluded that PM is a progressive language that classifies the current and future status of performance. PM allows a continuous advancement towards the established goals and identification of the stagnations and shortcomings [45]³¹⁸. Concisely, it can be claimed that PM is a progressive and steady movement towards the achievement of the set objectives. However, observation of PM is not only on the past performance, but it also concentrates on the realization of collective aspirations and the assurance of an effective and efficient future performance.

PM is also considered as a metric employed to measure performance. Therefore, it can be regarded as an analytical tool that records measures, shows outcomes, and determines subsequent actions in the process of the PM³¹⁹. Overall, Man 2006 determined that measures of performance are divided into four categories, i.e., financial; non-financial; tangible like quality³²⁰; or intangible like experience³²¹. The focal point of financial performance measures is generally on the resulting impact on production activities and financial characteristics, such as logistics activities. Non-financial performance values, however, have their focal point directly on actual production activities, such as defect ration, investment turnover, and lead time.³²²

Business PM has attracted increasing attention both among managers and academics, and has always

³¹⁶ Marr, B. and G. Schiuma, Business performance measurement—past, present and future. *Management Decision*, 2003. **41**(8): p. 680-687.

³¹⁷ Dangayach, G.S. and S.G. Deshmukh, Manufacturing strategy: literature review and some issues. *International Journal of Operations & Production Management*, 2001. **21**(7): p. 884-932.

³¹⁸ Jagdev, H.S. and J. Browne, The extended enterprise—a context for manufacturing. *Production planning and control*, 1998. **9**(3): p. 216-229.

³¹⁹ Rose, K.H., *A performance measurement method*. *Quality progress*, 1995. **28**(2): p. 63–66.

³²⁰ Tangen, S., Performance measurement: from philosophy to practice. *International Journal of Productivity and Performance Management*, 2004. **53**(8): p. 726-737.

³²¹ Delios, A. and P. Beamish, Survival and profitability: The roles of experience and intangible assets in foreign subsidiary performance. 2002.

³²² Polakoff, J.C., *How to design a performance measurement program*. *Corporate Controller*, 1992. **4**(3): p. 49–53.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

been a managerial priority. Measuring business performance, as well as asking for information related to performance, forms one of the major responsibilities and requirements of various managers in different companies. PM can be claimed to be an integral and essential requirement for the achievement of success in executive managerial tasks. As Lebas puts forth, in effect, PM can be defined as the complex reality transferral of performance into a range of communicable symbols that are reproduced in similar conditions.³²³

As mentioned above, performance itself is composed of two essential parts, namely, one part tends to deal with achievements and accomplishments in the past resulting from past actions, while the other looks at the predictions or inferences of future performance based on current actions. The role of PM is connecting these two parts through discovering accomplishments and measurements from which future performance can be inferred or predicted .³²⁴

Sink 1991 believed that “measurement is complex, frustrating, difficult, challenging, important, abused and misused,” nevertheless, in the words of Das1994 “if we cannot measure it, we cannot manage it”. Since the 1980s, when literature on PM first emerged, it has been continuously evolving and expanding. In the traditional context, small companies’ operations were simple and the most important PM focused on cash flow. As a result of the expansion of the size of organizations during the post-Industrial Revolution, the measures of productivity were extensively used in various production phases. In a span of time from the late nineteenth-century to the 1930s, both practical and theoretical management accounting methods were set up and widely used ³²⁵. Later, traditional management accounting was included as part of PM for distribution operations and their manufacturing plants. As research on PM developed and expanded more, some scholars, like Pursell 1980, shifted their focus on the PM of the whole business unit (typically plant level and division level) and attempted to investigate the standards, criteria, and measures of performance. Nevertheless, after all these studies, there seems to be no cohesion in the traditional literature on PM. ³²⁶

³²³ Lebas, M.J., *Performance measurement and performance management*. International Journal of Production Economics, 1995. **41**(1-3): p. 23-35.

³²⁴ Meyer, M.W., *Rethinking Performance Measurement:: Beyond the Balanced Scorecard*. 2002.

³²⁵ Maskell, B.H., *Performance measurement for world class manufacturing: A model for American companies*. 1991: Productivity Pr.

³²⁶ Lockamy, A. and M.S. Spencer, *Performance measurement in a theory of constraints environment*. International Journal of Production Research, 1998. **36**(8): p. 2045-2060.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Some drastic and dramatic changes have occurred in the corporate world in the past few decades in terms of the introduction of national and international awards, improvement initiatives organizational roles, work maturity, external demands, increased competition and advanced technology. These changes have resulted in companies encountering dramatic competition resulting from the improvements occurring in product quality, enhancement of flexibility and reliability, the expansion of product variety, and emphasis on innovation ³²⁷. The critical business features for corporate success are emphasized more than mere financial reporting ³²⁸. In view of the new challenges and changes happening in the corporate world, organizational managers are required to consider appropriate PM paradigms if promotion of managerial improvement is desired.

2.5.3 Roles of Performance Measurement

Management can hardly exist without PM ³²⁹. However, a poor methodology of measurement can be a major factor that contributes to frustration of the advancement of a firm ³³⁰. In contrast, a well-designed performance management system is an essential and fundamental factor contributing to the enhancement of effective planning and control of management. In fact, it can be claimed that PM allows business management to excel through motivation enhancement, performance monitoring, improvement of

³²⁷ Fry, T., K. Karwan, and W. Baker, Performance measurement systems and time-based manufacturing. *Production planning & control*, 1993. **4**(2): p. 102-111.

³²⁸ Hazell, M. and M. Morrow, Performance measurement and benchmarking. *MANAGEMENT ACCOUNTING-LONDON-*, 1992. **70**: p. 44-44.

³²⁹ Lebas, M.J., Performance measurement and performance management. *International Journal of Production Economics*, 1995. **41**(1-3): p. 23-35.

³³⁰ Maskell, B.H., Performance measurement for world class manufacturing: A model for American companies. 1991: Productivity Pr.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

communication, and problem diagnosis³³¹. Furthermore, PM can provide an effective approach to study and identify the management strategy, as well as enabling a proper perception of prosperous and present circumstances that influence the progress of a company. The significant roles of PM are briefly presented in the following subsections.³³²

Monitoring business progress: this can be done using the output to observe the progress of a firm in respect of the achievement of its set goals, which makes identification of the future and current status of the company possible. PM can generate a shared understanding, and demonstrate the extent to which the planned expansions have essentially taken place.

Monitoring the effect of strategies and plan: outputs enable testing the impact and possibility of strategies and plans. It is through them that the implementation can be observed and controlled. Therefore, the successful achievement of long-term goals can be ensured by the choice of right measures.

Diagnosis: if a business fails or is in decline, the output can show the failure symptoms, and encourages identification of the probable causes that have led to the failure [58]. As a result, a company can search for the problems and their reasons to enhance their protection against the potential future misfortunes and failings.

Supporting decision making: PM enables an organization to search and identify the causes that have led to its success and the potential chances that the company can use for further development and advancement in future. Moreover, PM enables the organization to determine whether it has been able to gain the satisfaction of its customers and achieved its desired goals. Actually, in addition to indicating where and how to act, these measurements also monitor the performance efficiency. Further details of identification of potential and actual problems are provided by feedback. PM is also an essential requirement for the justification of more investment of effort by companies. PM ensures that the decisions are made on the facts instead of assumptions and suppositions. Consistent objective-oriented operations and timely corrections can only be achieved through a direct guide to operations and accurate and timely feedback on operational performance.

³³¹ Rolstadås, A., Performance management: A business process benchmarking approach. 1995: Kluwer Academic Publishers. And Waggoner, D.B. and A.D. Neely, The forces that shape organisational performance measurement systems::: An interdisciplinary review. International Journal of Production Economics, 1999. **60**: p. 53-60.

³³² Hashem Salarzadeh Jenatabadi, ibid

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

Facilitation of motivation and communication: PM indicates the rate of progress of a company and highlights its present and future performance status. The motivation and clarity of the PM provides the company with an increase in the overall rate of operation including communication among its staff and managers. Performance management both precedes and follows PM in a virtual spiral in order to establish a suitable setting for measurement [50]. In brief, PM is claimed to be a vital and powerful tool for effective management. In the case of supply chain management, PM significantly leads to the development and improvement of performance and feedback of comprehensive performance supports the design and improvement of the supply chain systems.

CHAPTER TWO : ORGANIZATIONAL DEVELOPMENT AND PERFORMANCE

2.6 Summary:

Organization development originated primarily from the field of applied behavioral sciences and is comprised of four main branches:

- a. The development of the T-group and advancements in utilizing laboratory training principles within intricate organizational structures;
- b. The advent of survey feedback technology.
- c. The rise of action research and its impact.
- d. The development of socio-clinical methodologies..

Given the significance of this concept, numerous theories have been put forth, each offering distinct proposals and pivotal conceptual frameworks for organizational development programs. These theories encompass classical approaches, which historically dominated discussions on this topic, emphasizing the structural, formal, legal, and material aspects of organizations, as well as the organization of work processes based on specialization and division of labor within a hierarchical structure. Subsequently, behavioral approaches emerged, shifting focus towards the human element and individual behavior within organizations, thereby paving the way for more contemporary perspectives that broadened the scope of organizational outlook and behavior. These modern approaches presented a refined vision that not only enriched the intellectual and conceptual framework for development but also positively influenced the pace of work.

Organizational development encompasses the establishment of policies, procedures, protocols, and structures. The enhancement of technical and adaptive workforce capabilities, organizational innovation, and the preservation of IAAC Functions, decentralization, administrative protocols, trends, and organizational ethos, all predominantly contribute to the elevation of organizational efficacy.

CHAPTER THREE : EMPIRICAL STUDY

3.1 Introduction:

After addressing, the theoretical framework of the study subject and presenting the concepts associated with it. In order to give a realistic picture of these concepts, I will project the theoretical side on the practical side in this chapter, by discovering the reality of corporate governance practices and organizational development practices in Algeria, as well as studying the impact of corporate governance on organizational development.

This chapter provides empirical part of the study and consists of four parts as follows:

- ⇒ Section 1 focuses on Corporate Governance in Algerian Companies.
- ⇒ Section 2 provides the methodology of the study.
- ⇒ Section 3 provides general information about study sample includes respondents' biographic information and Enterprises general information.
- ⇒ Section 4 discuss study results and analyze it.
- ⇒ Section 5 wraps up the chapter by summarizing the key points discussed throughout the chapter.

CHAPTER THREE : EMPIRICAL STUDY

3.2 Corporate Governance in Algeria:

To enhance its economic integration with the international community, Algeria has invested considerable effort in creating a solid corporate governance framework. In doing so, Algeria has worked diligently to improve its business environment and has opened its economy to foreign investment.¹

Algeria places significant emphasis on corporate governance, recognizing it as a crucial national and strategic priority due to its role in the post-oil era and the shift towards a modern, competitive market economy. The focus is on leveraging corporate governance to enhance the transparency and rigor of Algerian companies' management, administration, and control by involving key stakeholders more broadly in company oversight. This approach ensures that administrators and executives function as active leaders rather than mere agents. It is also important to note that corporate governance standards apply to all types of companies, with joint-stock companies being the most common.² In recent years, the issue of the sustainability of Algerian companies has become increasingly pressing due to the tightening of market economy constraints and the prospects for integration into the global economy.³ As a result, it is crucial for these companies to establish a robust governance system that matches the standards of major international firms.⁴

The discussion on corporate governance in Algeria began in the early 2000s, notably sparked by the bankruptcies of EL-KHALIFA Bank and BCIA.⁵

Since 1990, public authorities have undertaken structural reforms in the banking sector to align with market economy mechanisms, improve the quality of banking services, and foster competition among banks. Notable institutions that emerged during this period included El-Khalifa Bank and the Algerian Industrial and Commercial Bank (BCIA). However, a key issue of this era was the weak oversight by the Bank of Algeria over these institutions both before and after their establishment. This lack of control contributed to significant financial crises that shook the Algerian banking sector.⁶

The inadequate governance of the Bank of Algeria's supervisory function at the outset of El-Khalifa Bank and BCIA is a key factor behind the financial crises that both banks

¹ Fellag Nourredine & Tagrerout Mohamed, Corporate governance models in Algerian Small and Medium Sized Enterprises: "An empirical study on SMEs in Chlef and Sidi- Belabess.", *Maaref* , Volume: 14 / N°: 02, (December 2019), p 366.

² Ministry of Small and Medium Enterprise and Handicrafts and GOAL (2009), " The Algeria corporate Governance Code ", Algeria.

³ Amghar, M. (2017, Juin). De la question de gouvernance des PME: entre spécificités et facteurs d'entraves en Algérie. *Journal of Financial, Accounting and Managerial Studies* (7), p 99.

⁴ Mahi Amel Khadidja, Tekfi Saliha, Etude de l'Efficacité du Système de Gouvernance du Groupe Saidal, *Al-riyada for Business Economics Journal*, Vol 06, N° 01, January 2020, p 192.

⁵ Arabi, K., & Amghar, M. (2015), La problématique de la gouvernance des entreprises en Algérie: état des lieux et perspectives, *Actes du colloque international sur la gouvernance d'entreprise: nouvelles approches et expériences*, Tizi Ouzou, Algérie: Université Mouloud Maamri, p 6.

⁶ مولاي لخضر. عبد الرزاق، عجيلة محمد، المؤتمر العلمي حول: إصلاح النظام المصرفي الجزائري في ظل التطورات العالمية الراهنة، عنوان المداخلة: الحوكمة كمدخل للرقابة والمساءلة في البنوك الجزائرية، كلية العلوم الاقتصادية وعلوم التسيير بجامعة ورقلة، ص 12

CHAPTER THREE : EMPIRICAL STUDY

encountered. This is highlighted in a memorandum from the Banking Committee concerning control and inspection activities. The deficiencies in governance were evident in the issues identified in the note related to El-Khalifa Bank, as detailed below. : ⁷

- ⇒ - Failure to adhere to accounting procedures
- ⇒ - Delayed submission of reports to the Bank of Algeria
- ⇒ - Inconsistent review of localization files
- ⇒ - Insufficient follow-up and oversight
- ⇒ - Non-compliance with prudential regulations

Khalifa Bank encountered significant challenges with deposit movement and its accounting position, resulting in an inability to fulfill customer obligations. Consequently, after deciding to liquidate the bank, the authorities implemented various measures to safeguard depositor rights. The deposit insurance company provided compensation of 600,000 DA to all depositors; however, this amount proved insufficient. This shortfall necessitated a second course of action by the liquidator, which involved account reconciliation and the sale of the bank's assets.. ⁸

A similar situation occurred with the Industrial and Commercial Bank of Algeria (BCIA), which was accredited by the Bank of Algeria in September 1998. As part of an audit program, the Bank of Algeria's authorities conducted a comprehensive audit in 2001, including several on-site inspections at BCIA. The inspectors uncovered numerous violations of banking activity's legal and regulatory rules. Consequently, the authorities decided to liquidate both banks after declaring them unable to meet their financial obligations. Challenges within the private banking sector persisted, as the Banking Committee—one of the Bank of Algeria's bodies, along with the Loan and Monetary Board—issued a decision on December 27, 2005, to withdraw the accreditation granted to the "Algerian Bank Company" by Decision No. 99/02 of October 28, 1999, issued by the Governor of the Bank of Algeria. The liquidation process was initiated, with liquidators appointed to carry out the necessary operations. ⁹

However, the challenge of achieving good governance in Algeria, as in many other countries, is closely tied to the reform of the state and the political power that directs it. ¹⁰ According to the Ministry of Industry, SMEs, and Investment Promotion, the primary drivers behind governance system reforms include the introduction of new financial instruments and accounting techniques, the weakening of prudential reflexes and

⁷ معراج عبد القادر هواري :الحوكمة المؤسسية في القطاع البنكي و المالي و دورها في إرساء قواعد الشفافية , ندوة السوق المالية نظرة مستقبلية, كلية اللغة العربية و العلوم الاجتماعية والإدارية، قسم المحاسبة، جامعة الملك 2007 ، ص 15.

⁸ معراج عبد القادر هواري، نفس المرجع، ص 16.

⁹ مولاي لخضر عبد الرزاق، عجيلة محمد، نفس المرجع، ص 13.

¹⁰ Chikhi, K., & Zerrouk, L. (2015). La réalité de la gouvernance d'entreprise en Algérie. Actes du colloque international sur la gouvernance d'entreprise: nouvelles approches et expériences. Tizi Ouzou, Algérie: Université Mouloud Maamri, p 9.

CHAPTER THREE : EMPIRICAL STUDY

institutional control mechanisms due to deregulation—especially in the banking sector—the growing complexity of legal frameworks, and the increasing opacity of tax systems.¹¹

In other words, the need to enhance corporate governance in Algeria has become increasingly important, particularly in light of various economic reforms and the shift towards a modern market economy. Effective corporate governance not only fosters domestic and foreign investment but also contributes to market stability and supports the achievement of sustainable economic growth.¹²

3.2.1 The framework of corporate governance in Algeria:

Algeria sought to establish an effective corporate governance framework through various legislations and initiatives. This effort was driven by a growing awareness among stakeholders within these corporations and by the country itself to implement governance practices aimed at reducing the incidence of financial fraud that has emerged in recent years.¹³ The supervisory authorities in Algeria demonstrated a strong interest in adopting the concept of corporate governance and implementing its principles. As a result, they reformed and developed a series of regulations and laws focused on risk management and effective oversight, which help create a conducive environment for the adoption of corporate governance practices.¹⁴

⇒ **Auditing and Corporate Governance in Algeria :**

The auditing profession has undergone significant changes due to various circumstances. In Algeria, it has faced numerous challenges across different areas, including regulatory frameworks and management practices, among others.

1. Auditing in Algeria: Auditing was implemented in Algeria as follows:

- ⇒ Prior to independence: Auditing in Algeria was governed by the regulations established under French colonial rule.
- ⇒ After independence: The departure of French colonialism left a significant gap in many sectors, including the auditing profession. This gap led to various regulatory and management challenges. The evolution of the auditing profession in Algeria can be summarized in the following phases:¹⁵

¹¹ Ministry of Industry, SMEs and Investment Promotion. (2013, April). Administrator's Guide. 1-29. Algeria, p 6.

¹² Boussadia, H. (2013-2014). La gouvernance d'entreprise et le contrôle du dirigeant. Cas de l'entreprise publique algérienne. *Thèse de doctorat*. Algérie: Université Abou Bakr Belkaid, Tlemcen, p 51-52.

¹³ Benguetib Ali and Gasmi Said (2016), *Ibid*, p 28.

¹⁴ AHMED GAID Noureddine, "Corporate Governance Application in Algerian Financial Sector", *International Journal of Research in Business Studies and Management* Vol 2, N 11, November 2015, p 146-147.

¹⁵ Benguetib Ali and Gasmi Said, *Auditing in Algeria within the Framework of Implementing Corporate Governance*, *Academic Journal of Interdisciplinary Studies* MCSER Publishing, Rome-Italy, Vol 5 No 2, July 2016, p 26

CHAPTER THREE : EMPIRICAL STUDY

First phase: From 1969 to 1980

The regulation of accounts auditing as a profession in Algeria's public economic corporations was first established in 1969, under the provisions of Order 69-107 dated December 31, 1969, as part of the Finance Act of 1970. Article 39 of this order mandated that the Secretary of State in charge of finances and planning appoint accountants to national companies, public industrial and commercial corporations, and companies in which the state holds a stake in the social capital. The purpose of these appointments was to ensure the regularity and reliability of the accounts, as well as to analyze the assets and liabilities of these entities. ¹⁶

- Subsequently, Decree 70-173, dated November 16, 1970, was issued to define the duties and responsibilities of bookkeepers in public and semi-public corporations. This decree established that the role of auditing (bookkeeping) would serve as a permanent oversight mechanism for management within these organizations.

- Order 71-82, dated December 29, 1971, regulated the profession of accounting and financial experts. This order specifically addressed the roles of accountants and expert accountants. Bookkeeping responsibilities, however, were assigned to the Inspectorate General of Finances (*Inspection Générale des Finances*) within the Ministry of Finances.¹⁷

Second phase: From 1980 to 1992:

Following the reorganization of the national economy and the structuring of public economic corporations, which led to an increase in the number of public entities, more complex management patterns, and weaknesses in data control and accounting systems, the Algerian legislator was compelled to implement control mechanisms to address the disorganizations caused by previous practices. As a result, the following were issued: ¹⁸

- Act 80-05, dated October 30, 1980: This act pertained to the control functions of the Court of Audit (Cour des Comptes), aiming to establish effective control mechanisms for national corporations. It sought to restructure management practices and limit embezzlement and mismanagement.
- Act 91-08, dated April 27, 1991: This act addressed the profession of accounting experts, bookkeepers, and certified accountants. It marked a pivotal moment in the organization of the auditing profession in Algeria by consolidating three organizations into a single independent authority called the National Union for Accounting Experts, Bookkeepers, and Certified Accountants. This consolidation fulfilled the condition of independence by appointing these professionals without reliance on the supervising ministry.

¹⁶ Seddiki, M. (2004). A dissertation submitted in partial fulfillment of the requirements for the Doctor's Degree, University of Algiers.

¹⁷ Benguetib Ali and Gasmi Said (2016), Ibid, p 26

¹⁸ Ghouali, M., E. (2004). A dissertation submitted in partial fulfillment of the requirements for the Doctor's Degree in economic sciences, University of Algiers.

CHAPTER THREE : EMPERICAL STUDY

- Act 88-01: This act, pertaining to the directive law for public economic corporations, was introduced to alleviate restrictions on these entities, enhance their financial independence, ensure compliance with commercial law, and subject them to bankruptcy and liquidation processes. These changes highlighted the necessity for accounts auditing and validation by professionals such as bookkeepers and certified accountants, leading to the issuance of Act 91-08, which regulates the profession of accounting experts and bookkeepers.
- Executive Decree 92-20, dated January 13, 1992:** This decree established the National Union for Accounting Experts, Bookkeepers, and Certified Accountants, further formalizing and structuring the profession in Algeria. ¹⁹
- Decree dated November 7, 1994: This decree, which was amended in 2006, addressed the pay scale of bookkeepers.
- Executive Decree 96-136, dated April 15, 1996: This decree established the work ethics for auditing and accounting practices.
- Executive Decree 96-136, dated September 25, 1996: This decree created the National Council of Accounting (Conseil National de la Comptabilité), a consulting authority within the Ministry of Finances. The council is responsible for research, development, and standardization within the accounting profession.
- Executive decree 96-431 dated 30th, November 1996 pertaining to the methods of assigning book keepers in public industrial and commercial corporations, research and development centers, social security agencies, public commercial offices and dependent public corporations.
- Executive Decree 97-458, dated December 1, 1997: This decree amended and supplemented Executive Decree 92-20 by adding a representative from the Ministry of Finances.
- Decision dated March 28, 1998: This decision outlined the methods for publishing rating scales of degrees and diplomas that authorize individuals to practice as accounting experts, bookkeepers, and certified accountants.
- Decision dated March 24, 1999: This decision established the criteria for the approval of diplomas and professional expertise necessary for practicing these professions.
- Executive Decree 01-421, dated December 20, 2001: This decree amended and supplemented Executive Decree 92-20, defining the structure of the National Union for Accounting Experts, Bookkeepers, and Certified Accountants, as well as its jurisdiction and operational regulations.
- Act 10-01, dated June 29, 2010: This act pertains to the professions of accounting expert, bookkeeper, and certified accountant, providing updated regulations and standards for these professions.

¹⁹ Benguetib Ali and Gasmi Said (2016), Ibid, p 27.

CHAPTER THREE : EMPIRICAL STUDY

The most recent amendment to the organizational laws of auditing is Act 10-01, which addresses the payment methods for auditor fees. This amendment shifts the basis for determining fees from a scale that considered factors such as the corporation's turnover and the time required for tasks to relying on the code of auctions. In Algeria, an auditor's contract is set for a period of three years, with the option for a single renewal. If renewed, the auditor may continue with the same corporation but only after a three-year gap, in order to uphold the principle of auditor rotation. Regarding national auditing standards, the organization of the profession in Algeria is governed by a series of organizational laws published exclusively in official newspapers, with no detailed national standards for external auditing currently available.²⁰

Auditors according to Algerian legislation:

The concept of auditor independence, as explored in the profession's literature, has evolved in response to the expanding responsibilities and services provided by auditors, as well as changes in societal expectations. This evolution has led to the development of control standards to ensure the quality of performance in accounting offices and to enforce policies and procedures that uphold the independence rule outlined in professional ethics. These policies and procedures may include:

- **Monitoring Compliance:** Controlling the extent to which accounting and auditing offices adhere to policies and procedures related to independence.
- **Ensuring Independence in Practice:** Ensuring that the accounting office maintains its independence while performing its control functions.
- **Mandating Adherence:** Requiring all employees within the accounting office to comply with the independence rule provisions established by professional bodies.

²¹

⇒ **Environment Protection**²²

The first law protecting the environment in Algeria was enacted in 1983. Following this, the government introduced several legislative and executive ordinances, including:

- Law No. 03-83, enacted on February 5, 1983: This law established the foundational framework for environmental protection in Algeria.
- Law No. 12-84, enacted on June 23, 1984: This law outlined the General Forest System. It was amended on December 2, 1991, by Law No. 20-91, which included additional regulatory provisions applicable to forest management.

²⁰ Ibn Said, M. and Lechlèche, A. (2015), Comprehensive economic sciences magazine, Baghdad

²¹ Youness, Z. (2014). Rouaa magazine, El Oued University

²² Imed Eddine Bekhouche, Abdelhak Boukerika, Soheyb Salah Kahlessenane, Corporate social responsibility in Algeria: A discussion of law and regulations, International Journal of Advanced Educational Research, Volume 3, Issue 6, November 2018, Page 36.

CHAPTER THREE : EMPIRICAL STUDY

- Executive Ordinance No. 78-90, enacted on February 27, 1990:** This ordinance addressed environmental impact studies, mandating that projects must assess their environmental effects before implementation.
- Executive Ordinance No. 339-98, enacted on November 3, 1998: This ordinance regulated classified constructions, including criteria for classification and applicable provisions.
- Law No. 01-19, ratified in December 2001: This law focused on waste management, control, and removal. It mandated waste producers to reduce, recycle, or reuse waste and to educate the public on waste dangers and protective measures, emphasizing the responsibility of producers for the waste they generate.
- Law No. 03-10, ratified in July 2003: This law aimed at environmental protection within the framework of sustainable development. It incorporated principles from the 1992 Rio de Janeiro forum, reflecting Algeria's commitment to sustainable development practices.

In 2008, in response to significant issues with waste management, the Algerian government introduced a national program for managing solid waste. Additionally, the government implemented environmental taxes and fees to address various types of pollution, particularly air and water pollution. These include fees for solid waste, air emissions, and special fees for industrial liquid emissions. Furthermore, several public institutions have been established to protect the environment in Algeria, which can be organized based on their roles and significance in environmental protection as follows:

- The Ministry of Environment and arrangement of the Territory,
- Supreme Council for the Environment,
- National Institute for Environmental Careers,
- National Observatory for Environment and Sustainable Development.
- National Institute of shore.
- The National Centre of Clean technologies.

Additionally, the Algerian government has implemented further environmental protection policies that require companies to adhere to these regulations. First, project owners must comply with environmental study conditions conducted by specialized expert or consulting firms, with endorsement from the Ministry of Environment. These studies assess the potential impacts and risks of the project on the environment, and the entrepreneur bears the cost. The aim is to identify both direct and indirect environmental effects and to ensure compliance with environmental protection guidelines.

Following this, the entrepreneur must obtain an operating permit, an administrative document that certifies the project's adherence to environmental protection provisions. Once the company is established, it must appoint an environmental delegate responsible for implementing environmental laws and ensuring proper environmental management within the company, including regulatory and legal compliance.

CHAPTER THREE : EMPERICAL STUDY

Furthermore, the company is required to submit an annual report detailing hazardous special waste, including its nature, quantity, properties, treatment methods, and mandatory prevention techniques. For added assurance, the Ministry of Environment and Territorial Planning engages in environmental performance contracts with each contaminated corporation individually, considering the financial and technical status of each company. The purpose of these contracts is to implement a rehabilitation program for each company in exchange for financial assistance. As a result, Algeria was ranked first in Africa and among Arab countries for environmental protection. According to the American Environmental Performance Index (EPI) 2010, Algeria was positioned 42nd out of 163 countries.²³ However, the main obstacles to the environmental commitment of SMEs/SMIs, which make up nearly 95 percent of the industrial sector, include limited knowledge of environmental legislation, low investment capacity, insufficient expertise, and restricted access to technology. Additionally, many SMEs/SMIs are often unaware of the support schemes provided by the state. These challenges fall under the purview of the Algerian Standardization Institute.²⁴

⇒ **Consumer Protection**

The ISO 26000 guidelines recognize consumers as stakeholders and provide instructions on corporate social responsibility standards. According to Clause 6.7 of the ISO 26000 guidelines on consumer issues, corporations are expected to fulfill their responsibilities towards consumers, who are significant stakeholders as they use products and services for personal use. Clause 6.7 outlines seven components of corporate behavior towards consumers, which include:

- **Fair Marketing, Factual and Unbiased Information, and Fair Contractual Practices:** Ensuring that marketing practices are honest, providing accurate information, and engaging in fair contractual agreements.
- **Protecting Consumer Health and Safety:** Safeguarding the health and safety of consumers through safe products and services.
- **Sustainable Consumption:** Promoting the use of products and resources in a way that meets current needs without compromising the ability to meet future needs, supporting sustainable development.
- **Consumer Service, Complaints, and Dispute Resolution:** Providing proper installation, warranties, repair and maintenance, after-sales service, and taking measures to prevent and address complaints to improve practices.
- **Consumer Data Protection and Privacy:** Ensuring the protection and confidentiality of consumer data.
- **Access to Essential Services:** Guaranteeing access to basic necessities such as healthcare and essential utility services, including electricity, gas, water, drainage, sewage, and communication.

²³ Environmental Performance Index, 2015. 2010 EPI Report. Retrieved 12 November 2015.

²⁴ United Nations Economic Commission for Africa Office for North Africa. The green economy in Algeria, 2015.

CHAPTER THREE : EMPIRICAL STUDY

- Consumer education and awareness. ²⁵

To ensure consumer safety and security, the Algerian government has implemented various systems to strengthen the control framework for both locally produced and imported food. This includes regulatory adjustments to enhance quality control, modernization of control structures, and improved market surveillance. The number of analytical and testing laboratories has increased from 11 to 20 nationwide to better monitor product quality and safety. Additionally, there are 50 border inspection posts across the country to verify product conformity.

Several offices are responsible for monitoring food quality and safety in Algeria, including the Ministry of Agriculture (which oversees animal and plant safety, seeds, etc.), the Ministry of Health, and the Ministry of Trade. The Ministry of Trade plays a central role in this regulatory framework, tasked with consumer protection, monitoring fair trade, and promoting food quality. It has established a legislative and organizational structure to fulfill these responsibilities.

The regulatory framework for consumer protection and fraud prevention is governed by Law 09-03 of February 25, 2009, which updates and replaces Law 89-02 of February 7, 1989. This Act includes various horizontal and vertical regulations covering labeling, food additives, hygiene, contact materials, product safety, and the standards for both locally produced and imported products. ²⁶

In Algeria, the structures regulating consumer protection include:

- ✓ Ministry of Trade: Oversees the National Board for Consumer Protection, the Algerian Center for Quality Control and Packaging, the network of quality testing and analysis laboratories, and the National Committee for Consumer Protection from Dangers.
- ✓ Ministry of Agriculture
- ✓ Ministry of Health
- ✓ Ministry of Fishing and Fishery Resources
- ✓ Ministry of Water Resources
- ✓ The key legislation for consumer protection is Law 09-03 of February 25, 2009**, which enhances consumer protection with several key provisions:
- ✓ Mandatory Cleanliness and Hygiene: Ensures food products meet cleanliness and safety standards.
- ✓ Product Safety: Requires that products are safe for use.
- ✓ Compliance with Standards: Products must meet stipulated standards.
- ✓ Guarantee and After-Sales Services: Mandates guarantees and after-sales services for products.
- ✓ Consumer Information: Obligates businesses to inform consumers adequately.
- ✓ Consumer Interests: Considers both material and moral interests of consumers.

²⁵ Khanna SR. Organizational social responsibility towards consumers as stakeholders: miles to go. Consumer voice, 2012

²⁶ Imed Eddine Bekhouche et al (2018), Ibid, Page 37.

CHAPTER THREE : EMPIRICAL STUDY

- ✓ Public Interest and Support: Offers judicial assistance to consumer protection associations and supports the public interest.²⁷

⇒ Labour Law

Corporate Social Responsibility (CSR) significantly impacts the global economy by enhancing human rights, labor rights, and workplace standards. By integrating consumer influence with socially responsible business practices, CSR helps improve ethical practices and promote better working conditions.²⁸(Compa, 2008) [10]. All labor law legislation in Algeria is derived from international conventions and agreements. Algeria has endorsed 59 international conventions, and the main points of these conventions include:

- Prevent forced labour.
- Freedom of syndicate and protection of the right to organize.
- Collective bargaining.
- The equality in the field of wages.
- Non-discrimination.
- Working age.
- Prevent children labour.²⁹

The following legislation regulates the labor sector in Algeria:

- Law (11-90) related to regulation of labour relations; the sections 5 and 6 stipulated the rights of workers.

Section 5: The workers enjoy the following basic rights:

- Exercise of the trade-union right,
- Collective bargaining,
- Participation in the organization employer,
- Social Security and retirement,
- Hygiene, safety and occupational medicine,
- Rest,
- Participation in the prevention and the payment of the conflicts of work,
- Resort to the strike.

Section 6: Within the framework of the working relationship, workers also have the right to:

- Effective Occupation
- Respect for Their Physical and Moral Integrity and Dignity

²⁷ Imed Eddine Bekhouche et al (2018), Ibid, Page 38.

²⁸ Compa L., Corporate social responsibility and workers' rights, Comp Lab. L. & Pol'y J. 2008, vol 30, n 1.

²⁹ Imed Eddine Bekhouche et al (2018), Ibid, Page 38.

CHAPTER THREE : EMPIRICAL STUDY

- Protection Against Discrimination, Ensuring Employment Based on Aptitude and Merit
- Vocational Training and Career Advancement
- Regular Payment of Due Remuneration
- Access to Social Benefits
- All Benefits Stemming from the Employment Contract
- Law No. 14-90: Establishes the terms for union practice Law (02-90) related to intervention methods and the settlement of collective disputes.
- Methods and Conditions for Exercising the Right to Strike Arising from Collective Disputes
- Law No. 04-90: Concerns intervention methods and the resolution of individual disputes.
- Rules and Procedures: Outline the functions of compatibility and reconciliation offices, as well as the relevant courts.
- Law No. 90-11 of April 21, 1990 (amended on January 11, 1997) governs working conditions, stipulating a 40-hour workweek spread over 5 days, with reduced hours for harsh conditions; agricultural work is limited to a maximum of 1800 hours annually (Article 24), and daily work is capped at 12 hours (Article 26). Child labor under the age of 16 is prohibited (Article 15), and the law mandates a minimum wage (SMNG), robust social security coverage, and adherence to hygiene and safety standards (Law No. 88-07 of January 26, 1988). Despite these regulations, private companies frequently fail to register their employees, and labor inspectors often do not enforce or penalize violations, indicating that the issue lies not in the absence of legislation but in its enforcement and application.³⁰

⇒ **Governance by the Supervisory Board and Board of Directors in Algerian companies :**³¹

The latest presentation of corporate bonds governed by a management board and a supervisory board is unique to Algeria, the third nation in the Maghreb region to implement this framework.

Composition and functions of the supervisory board

- The supervisory board's role is to maintain ongoing oversight of the company.
- The company's statutes may require approval from the supervisory board before certain specific actions are finalized. These actions include the transfer of

³⁰ Bouzid A, Padilla M, Analysis of social performance of the industrial tomatoes' food chain in Algeria. *New Medit.* 2014, vol 13, n 1, pp 60-65.

³¹ TOUMI SAID, KABBAJ SMAIL, La régulation de la gouvernance par le directoire et le conseil de surveillance : Le cas des pays du Maghreb, *Revue du Contrôle de la Comptabilité et de l'Audit*, Volume 5, numéro 3, 2021, p 516-521.

CHAPTER THREE : EMPIRICAL STUDY

immovables, transfer of shares, creation of security interests, as well as guarantees, sureties, or endorsements (Article 654).

- The supervisory board has the right to inspect the company's activities at any time during the year and access all necessary documents for fulfilling its responsibilities (Article 655).
- The supervisory board must consist of at least seven and no more than twelve members (Article 657), with a maximum of twenty-four members in the case of merged companies (Article 658).
- Members of the supervisory board are required to hold guarantee shares as outlined in Article 619, which stipulates that board members must hold at least 20% of the company's share capital, with the minimum number determined by the statutes (Article 659).
- Supervisory board members are elected by the general or ordinary general assembly, with their term of office set by the statutes, not exceeding six years if appointed by the general assembly, or three years if appointed by the articles of association. In cases of mergers or splits, appointments can also be made by the ordinary general meeting (Article 662).
- The general meeting can dismiss members of the supervisory board at any time (Article 662).
- Legal entities may serve as members of the supervisory board, provided they appoint a permanent representative with the same rights and duties as other members (Article 663).
- A person can simultaneously serve on up to five supervisory boards, provided all the companies are based in Algeria (Article 664).
- The supervisory board may make interim appointments between two general meetings if vacancies arise due to death or resignation, ensuring compliance with the required number of members. If the number falls below the legal minimum, the board must convene the general meeting (Article 665).
- The chairman of the supervisory board is elected by its members, with the responsibility of convening meetings and leading discussions. The chairman's term corresponds to that of the supervisory board (Article 666).
- A quorum for deliberations requires at least half the members to be present, though the statutes may impose stricter conditions, such as requiring an absolute majority (Article 667).
- The remuneration of supervisory board members can be determined by the ordinary general meeting, while the board may also allocate special remuneration for specific tasks assigned to its members (Articles 668-669).
- Agreements between the company and members of the executive or supervisory boards must be pre-approved by the supervisory board (Article 670). Violations of this requirement are addressed in Article 672.
- Members of the executive and supervisory boards, except for legal persons, are prohibited from borrowing from the company or endorsing personal commitments.

CHAPTER THREE : EMPIRICAL STUDY

In the event of bankruptcy, they may be held responsible for the company's liabilities (Articles 671-673).

Composition and functions of the Executive Board

- The Executive Board consists of three to five members (Article 643)
- Its members are appointed by the Supervisory Board, which also designates one of them as President (Article 644).
- Upon the Supervisory Board's suggestion, members of the Executive Board may be dismissed by the General Meeting. Such dismissal does not automatically terminate their employment contracts if they are salaried members (Article 645).
- The term for Executive Board members is set by the Articles of Incorporation and must last between two to six years, with four years being the default if not otherwise specified (Article 646).
- The appointment document must define the method and amount of the members' remuneration (Article 647).
- The Executive Board represents the company and is vested with extensive powers (Article 648).
- The powers of the Supervisory Board are outlined in Article 649.
- The Executive Board may decide to move the company's seat within the same city, but moving it outside the city requires a decision by the General Meeting (Article 651).
- The President of the Executive Board acts as the company's legal representative to third parties. However, other members may be granted this authority through statutory provisions (Article 652).
- Being President does not give any member more authority than other Executive Board members (Article 653).
- The Executive Board must submit quarterly management reports and a year-end report, along with the documents outlined in Article 716, to the Supervisory Board for review and control (Article 656).

3.2.2 Algeria's Efforts in the framework of Corporate Governance:

To foster integration into the global economy, the Algerian government has undertaken significant initiatives to develop a corporate governance framework. These efforts have been complemented by reform support from international organizations, including the International Monetary Fund (IMF) and the World Bank.

The topic of governance was not initially a focus of discussion in Algeria. However, following pressure from international financial institutions, particularly the International Monetary Fund and the World Bank, the adoption of governance principles became essential. This was required both at the macro level for managing the economy and at the micro level for managing institutions.³²

³² عبد المجيد كموش، دراسة تحليلية لنماذج حوكمة الشركات – الآليات و نظام التشغيل-، مجلة العلوم الإدارية و المالية، المجلد 2، العدد 2، 2018، ص 33.

CHAPTER THREE : EMPIRICAL STUDY

In 2003, the World Bank implemented a Country Assistance Strategy for Algeria for the fiscal years 2004-2006, aimed at enhancing the state's ability to regulate the market and promoting the private sector's adoption of effective corporate governance practices through technical support. A subsequent 2004 Financial Sector Assessment (FSA) by the World Bank observed that, since the late 1980s, Algerian authorities had undertaken a comprehensive and credible modernization of the legal and regulatory framework governing financial intermediation. However, significant gaps remain in laws and regulations, and Algeria still lacks a contemporary corporate governance structure. Moreover, while shareholders' rights appear to be relatively well-protected, the absence of corporate governance regulations weakens the protection of minority shareholders. A 2007 African Peer Review Mechanism report, under the New Partnership for Africa's Development, recommended improving transparency and shareholder rights in Algeria, streamlining management tools, encouraging private enterprises to become joint-stock companies and list on the stock exchange, developing a code of ethics for companies at all levels, and combating corruption.

In 2007, Algeria participated in the African Peer Review Mechanism (APRM) as part of the New Partnership for Africa's Development (NEPAD), with a specific focus on corporate governance. As part of this process, Algeria developed a Country Self-Assessment Report (CSAR) on Corporate Governance, which was evaluated during the Country Review Mission (CRM). The report highlights that the implementation of corporate governance codes and standards presents a significant challenge for the government. It notes that "although measures are being taken to implement these, the progress achieved so far is insufficient both in terms of quality and quantity." Furthermore, widespread non-compliance with ethical codes, along with prevalent corruption and fraud, are identified as critical issues in Algeria. The report also points out that most Algerian corporations lack adequate internal systems to provide transparency or shareholder rights, with minimal information-sharing with trading partners or shareholders. Except for a limited number of public companies where "oversight by the supervisory authority is highly developed," financial disclosures, even to shareholders, are rare.³³

In this context, public authorities and relevant stakeholders have engaged in a strategic reassessment to develop a comprehensive legislative, regulatory, and institutional framework aimed at promoting effective corporate governance.³⁴ Among their initiatives :

⇒ **Formation of the National Authority for the Prevention and Combating of Corruption:**

³³ AHMED GAID Nouredine, "Corporate Governance Application in Algerian Financial Sector", International Journal of Research in Business Studies and Management Vol 2, N 11, November 2015, p 146-147.

³⁴ Ministry of Small and Medium Enterprise and Handicrafts and GOAL (2009), " The Algeria corporate Governance Code ", Algeria, p 16.

CHAPTER THREE : EMPIRICAL STUDY

The organization and responsibilities of the National Authority for the Prevention and Combating of Corruption are outlined in Presidential Decree No. 06-413, issued on November 22, 2006, and later amended by Presidential Decree No. 12-64 on February 7, 2012. The Authority is comprised of a Vigilance and Evaluation Board, along with administrative structures. The Vigilance and Evaluation Board includes a president and six members, appointed by presidential decree for a renewable five-year term. The Authority itself is organized into a general secretariat and three departments: one responsible for documentation, analysis, and awareness-raising; another for processing property declarations; and a third for coordination and international cooperation..³⁵

⇒ Accounting reform in Algeria:

The reform of the national accounting plan officially began in April 2001, through collaboration between a team of French experts and the National Accounting Council. These joint efforts culminated in the issuance of the draft financial accounting system under Law 07-11 on November 25, 2007..³⁶

The conceptual framework of the Algerian financial accounting system:

Through this section, we will introduce the Algerian financial accounting system and outline its scope of application. Subsequently, we will explain its accounting organization and the foundational principles on which it is based.

a) Definition of the Algerian financial accounting system:

Law No. 07-11 of November 25, 2007 defines the financial accounting system in Article 03. Central to this text is the term "financial accounting," which is outlined as follows:³⁷

Financial accounting is a system for organizing financial information that allows storing, classifying, evaluating and recording many base data³⁸, Presenting lists that reflect an honest picture of the financial position and property of the company³⁹, Its efficiency and the position of its treasury at the end of the financial year.⁴⁰

From an economic perspective, the financial accounting system encompasses a reference framework for financial accounting, accounting standards, and a code of accounts. This system is distinguished by its creation of financial statements based on generally accepted accounting principles and adherence to international financial and accounting standards.

From a legal standpoint, the financial accounting system comprises a set of procedures and regulatory texts that govern the financial and accounting operations of companies required to adhere to it. This adherence is mandated by law and aligned with

³⁵ مريم زغلامي ، كمال شريط ،سفيان خلوفي، تقييم واقع حوكمة الشركات في الجزائر في إطار ميثاق الحكم الرشيد -دراسة حالة شركة" آن سي آي "روبية الجزائر (مارس 2013 – جويلية 2020)، مجلة التنظيم والعمل، المجلد 01 ، العدد 4، 2021، ص 64.
³⁶ عبد المجيد كموش 2018، مرجع سابق ، ص 35.

³⁷ Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 3.

³⁸ Global Blue Pages Publications, 2010, Financial Accounting System, Mitiga Press, Baraki, Algeria, p 10.

³⁹ Haj Ali, 2009, The New Financial Accounting System, Dar Belqis, Casablanca, Algeria, p 8.

⁴⁰ Belaroussi Ahmed Al-Tijani, 2009, The Financial Accounting System, Homa House for Printing, Publishing and Distribution, Algeria, p 21.

CHAPTER THREE : EMPIRICAL STUDY

internationally accepted financial and accounting standards. The new accounting law aims to define this system, which is central to the legal framework known as financial accounting.⁴¹

b) Scope of application of the financial accounting system:

Article 4 of Law No. 07-11 of November 25, 2007 stipulates that the following companies are required to maintain financial accounting:

- Every natural or legal person required by legal or regulatory text to maintain financial accounts must do so, in compliance with the relevant provisions.⁴²
- - Companies subject to the provisions of the Commercial Code.Cooperatives;⁴³
- - Natural or legal persons engaged in the production of commercial and non-commercial goods or services, provided they conduct economic activities involving repetitive operations.
- - All natural or legal persons obligated by legal or regulatory provisions to maintain financial accounts..⁴⁴

Article 05 of the aforementioned law stipulates that small enterprises, whose business volume, number of employees, and activity do not exceed specified limits, may maintain simplified financial accounting.

c) Organization of accounting:

Articles 10 to 24 of Law No. 07-11 outline the regulation of accounting. Key points that enhance the consistency of accounting control include:

- ⇒ Accounting must adhere to the principles of regularity, credibility, and transparency throughout the processes of recording, controlling, presenting, and disseminating information. The institution is also responsible for defining the procedures required to establish an accounting organization that facilitates both internal and external control.⁴⁵
- Accounting must adhere to the use of the national currency.
 - Accounting registration must be conducted using double-entry bookkeeping.
 - Each accounting record must be accompanied by a supporting document.⁴⁶
 - Offsetting between an asset and a liability is not permitted unless it is based on legal and contractual grounds.
 - Every company is required to maintain a journal, ledger, and inventory book.

⁴¹ Kattoush Ashour, 2009, Requirements for the Application of the Unified Accounting Information System (IAS/IFRS) in Algeria, Journal of North African Economics, No. 6, Faculty of Economics, Chlef University, Algeria.

⁴² Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 3.

⁴³ Nouara Mohamed, Malika Hafid Chebaiki, October 2017, The Compatibility of Disclosure According to the Financial Accounting System with the Requirements of International Accounting Standard Number One, Journal of Law and Human Sciences, Economic Issue, Volume 1, Issue 32, Zayan Ashour University in Djelfa, p 56.

⁴⁴ Haj Ali, 2009, Ibid, p 8-9.

⁴⁵ Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 4-5.

⁴⁶ Global Blue Pages Publications, 2010, Ibid, p 11-13.

CHAPTER THREE : EMPIRICAL STUDY

- Documents and books must be kept for a period of 10 years.⁴⁷
- Accounting may be maintained manually or through automated systems.
- A procedural manual must be designed.
- The content of accounting notebooks is both mandatory and restricted..⁴⁸

The contribution of the Algerian financial accounting system to strengthening the principles of corporate governance:

By reviewing the content of the laws related to the Algerian financial accounting system, it becomes evident that certain articles indirectly support the reinforcement of corporate governance principles. These contributions can be summarized as follows.⁴⁹

- a) The contribution of the Algerian financial accounting system to the protection of stakeholders

Articles 17 and 18 of Law No. 07-11 of November 25, 2007 stipulate that each accounting record must detail the source, content, and specifics of the information it contains, as well as the reference document upon which it is based. Each accounting entry must be supported by a dated document, affixed to paper or another medium that ensures credibility, preservation, and retrievability. Additionally, transactions of the same nature occurring at the same location and on the same day should be summarized in a single accounting document.⁵⁰

Law No. 07-11 of November 25, 2007 mandates the clarification of principles and rules guiding accounting practices, particularly concerning the recording of transactions, evaluation, and preparation of financial statements. This approach aims to minimize the risks of both deliberate and inadvertent manipulation in manual processing and facilitates the examination of accounts.⁵¹

Law No. 08-11 of May 26, 2008, as outlined in Article 19, affirms that financial statements must, by their nature and quality, adhere to accounting principles and rules to present a true and fair view. They should provide relevant information about the institution's financial position, performance, and changes in its financial status. If the application of accounting rules does not accurately reflect the institution's situation, the reasons for this discrepancy must be disclosed in the appendix to the financial statements.⁵²

It should be noted that the gap of conflict of interest among various stakeholders within the institution can be mitigated by enhancing the level of accounting disclosure, along with documenting and recording accounting transactions. Additionally, clarifying policies

⁴⁷ Haj Ali, 2009, Ibid, p 11-14.

⁴⁸ Belaroussi Ahmed Al-Tijani, 2009, Ibid, p 22-24.

⁴⁹ Nouara Mohamed, Djaid Cherif, Mechter Fatima, The role of the Algerian financial accounting system in strengthening the principles of corporate governance- analytical study - , Management & Economics Research Journal, Vol 05.N° 02, (2023), p 307.

⁵⁰ Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 4.

⁵¹ Ministry of Finance, 29/10/2009, Directorate General of Accounting, National Accountability Council, Ministerial Instruction No.: 02, Alger, p 2.

⁵² Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 13.

CHAPTER THREE : EMPIRICAL STUDY

and rules related to evaluation, registration, and presentation is crucial. According to the provisions of the aforementioned legal texts, these measures are implemented, thereby contributing to the protection of the interests of all parties involved.⁵³

b) The contribution of the Algerian financial accounting system to the protection of shareholders' rights:

The role of the financial accounting system in safeguarding shareholders' rights is evident throughout its framework. Specifically, Article 8 and Article 11 of Law No. 156-08 of May 28, 2008, which addresses the financial accounting system, emphasize the qualitative characteristics required in the information, such as relevance, accuracy, comparability, and clarity. Additionally, financial statements must disclose all significant information that could impact users' assessments of the institution.⁵⁴

Law No. 07-11, which was set to take effect on January 1, 2010, following a delay by Ordinance No. 08-02 within the Supplementary Finance Law of 2008, introduced a new accounting system replacing the National Accounting Scheme. This updated accounting framework, aligned with International Accounting Standards (IAS/IFRS), brought about significant conceptual changes, including:

- The new system clarifies the principles and rules governing accounting practices, including the recording of transactions, their evaluation, and the preparation of financial statements. This clarification helps minimize risks of both deliberate and inadvertent manipulation of accounting rules and facilitates the examination of accounts.
- The new system addresses the needs of current or potential investors by providing financial information that is well-structured, readable, and facilitates comparison and decision-making.⁵⁵

From the above, it is evident that the content of these laws emphasizes the preparation and dissemination of unbiased information to all users. This approach ensures that shareholders can effectively monitor performance and make informed decisions, thereby safeguarding their rights and supporting sound decision-making.⁵⁶

c) The contribution of the Algerian financial accounting system to strengthening the principle of disclosure and transparency:

Law No. 07-11 of November 25, 2007, as outlined in Article 25, requires institutions subject to this law to present their financial statements at least annually. These statements must include:

- A budget
- A calculation of results
- A treasury liquidity table
- A schedule of change of own funds

⁵³ Nouara Mohamed Et al (2023), Ibid, p 308.

⁵⁴ Official Gazette of the Algerian Republic, May 28, 2008, Issue No. 27, p 12.

⁵⁵ Ministry of Finance, 29/10/2009, Ibid, p 2.

⁵⁶ Nouara Mohamed Et al (2023), Ibid, p 309.

CHAPTER THREE : EMPERICAL STUDY

An appendix detailing the accounting rules and methods used, along with - Supplementary information on the budget and the calculation of results.

The financial statements must also accurately reflect the institution's financial position, efficiency, and any changes in its financial condition. These statements should comprehensively represent the institution's overall operations and the impact of transactions and related events on its activities, in accordance with Article 26 of the aforementioned law.⁵⁷

Law No. 11-08 of May 26, 2008, as specified in Articles 8 and 11, underscores that the information within financial statements must possess essential qualitative characteristics such as relevance, accuracy, comparability, and clarity. Additionally, the financial statements must disclose all significant information that could influence users' assessments of the institution.⁵⁸

From the above, it is evident that the accounting system has established guidelines for preparing and presenting financial statements, as well as defining the qualitative characteristics required for the disclosed information. These measures significantly enhance the principles of disclosure and transparency.⁵⁹

- d) The contribution of the Algerian financial accounting system to achieving equal treatment among all shareholders:
- The financial accounting system has established the minimum information that must be disclosed to ensure equitable treatment of all shareholders, regardless of their contributions or positions. The following are the minimum disclosure requirements related to the equal treatment of shareholders, as outlined by the financial accounting system:
 - Contributions recorded in the accounts using the formula method
 - Minority interest;
 - A description of the nature and subject matter of each precaution;
 - Payment and receipt amounts
 - Branches
 - Institutions contributing to the conglomerate
 - Capital companies and each class of shares
 - The number of authorized but not fully issued shares
 - The nominal value of the shares
 - Evolution of the number of shares from the beginning to the end of the fiscal year
 - The number of shares held by the corporation, its subsidiaries, and participating institutions
 - Rights, privileges, and any potential reductions in shares

⁵⁷ Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 4-5.

⁵⁸ Official Gazette of the Algerian Republic, May 28, 2008, Issue No. 27, p 12.

⁵⁹ Nouara Mohamed Et al (2023), Ibid, p 309.

CHAPTER THREE : EMPIRICAL STUDY

- Addressing the needs of current or potential investors by providing financial information that is well-structured, readable, and facilitates comparison and decision-making⁶⁰
- e) The contribution of the Algerian financial accounting system to activating the role and responsibility of the board of directors:

The role of the financial accounting system in enhancing the board of directors' functions is highlighted in Law No. 07-11 of November 25, 2007. This law stipulates that the management is responsible for overseeing the financial statements, which must be prepared within four months of the end of the fiscal year and must be distinct from other information published by the corporation. Additionally, accounting must adhere to principles of regularity, credibility, and transparency in the processes of recording, controlling, presenting, and communicating information. The institution is responsible for establishing procedures to ensure an accounting organization that supports both internal and external control.⁶¹

Law No. 11-08 of May 26, 2008, requires that financial statements disclose all significant information that could impact users' assessments of the institution. The statements must accurately reflect the managers' understanding of the information they possess, including the reality and relative importance of recorded events. Consequently, the financial accounting system facilitates account control, ensuring credibility, legitimacy, and transparency for managers, shareholders, and other users.⁶²

- f) The Algerian financial accounting system as an effective framework for corporate governance:

The Algerian financial accounting system encompasses a comprehensive set of laws, instructions, and rules designed to regulate the institution's accounting and financial activities, covering registration, measurement, and disclosure processes. It also outlines the institution's responsibilities towards users, thereby safeguarding their rights. These laws, along with the rules and policies they encompass, provide an effective framework for achieving corporate governance. An effective corporate governance framework relies on well-defined laws that regulate institutional operations and establish clear responsibilities.⁶³

⇒ **Adopting the European Union program to strengthen governance in Algeria:**

The European Union has launched a program with a budget of 10 million euros to support governance in Algeria as part of its partnership, reform, and comprehensive growth

⁶⁰ Nouara Mohamed, 2019, The role of the financial accounting system in promoting the accounting disclosure included in the financial statements according to the requirements of the governance of economic institutions - (Applied study on a sample of Algerian economic institutions) - a thesis submitted to obtain a doctorate degree, third phase, Faculty of Economics, Commercial Sciences and Management Sciences, Department of Sciences Management, Specialization: Management Audit and Control, University of Algiers 3, p 133-134.

⁶¹ Official Gazette of the Algerian Republic, November 25, 2007, Issue No. 74, p 4-5.

⁶² Kattoush Ashour, 2009, Ibid, p 292-293.

⁶³ Nouara Mohamed Et al (2023), Ibid, p 309.

CHAPTER THREE : EMPIRICAL STUDY

initiative. This program aims to bolster governance institutions in both economic and political spheres. Key objectives include strengthening the rule of law, enhancing access to justice, intensifying anti-corruption efforts, promoting citizen participation in development, and improving public financial management oversight.⁶⁴

⇒ **Realization of Algeria Corporate Governance Code:**

*Presentation of the content of the charter of good governance of the Algerian corporation.*⁶⁵

In 2007, Algerian business associations and unions initiated efforts to promote good governance within the business community to attract direct foreign investment. To advance this initiative, stakeholders from both the public and private sectors established a working group for corporate governance, collaborating with the Global Corporate Governance Forum (GCGF) and the International Finance Corporation (IFC) to develop a corporate governance framework for Algeria. On March 11, 2009, a national conference was held where the CARE Association and the National Corporate Governance Committee in Algeria introduced the Algerian Corporate Governance Guidebook, created with support from GCGF and IFC. The guidebook consists of two sections and annexes, which include:

- The first section outlines the reasons why good corporate governance is essential in Algeria. It also explores the challenges and issues faced by Algerian corporations, with a particular focus on small, medium, and private enterprises.
- The second section addresses the key standards for effective corporate governance. It delineates the relationships between the corporation's organizational authorities (General Assembly, Board of Directors, and Executive Management) and its interactions with external partners such as banks, financial institutions, and suppliers. Additionally, it covers the quality of data publication and the methods of asset transfer.
- The charter concludes with annexes that provide a variety of tools and practical guidance for corporations to address specific concerns. These include a list of best practices, self-assessment tools for corporate management, a comprehensive (panoramic) view of Algerian corporations in compliance with commercial law, and strategies for managing conflicts of interest within the corporation.

Purpose of the charter:

The purpose of this charter is to provide partially or wholly private Algerian corporations with a practical and simplified tool for understanding and implementing the core principles of good corporate governance. The goal is to enable these corporations to aspire to apply these principles in practice. By implementing the principles outlined in the charter, corporations can enhance their management practices, establish clear rights and

⁶⁴ مريم زغلامي ، كمال شريط ،سفيان خلوفي، تقييم واقع حوكمة الشركات في الجزائر في إطار ميثاق الحكم الرشيد -دراسة حالة شركة " أن سي آي " روية الجزائر (مارس 2013 – جويلية 2020)، مجلة التنظيم والعمل، المجلد 01 ، العدد 4، 2021، ص 64.

⁶⁵ Abdessamad, O., A. (2013). Al Bahith magazine, Ouargla.

CHAPTER THREE : EMPIRICAL STUDY

obligations for all parties involved, and ensure the sharing of prerogatives and responsibilities. This, in turn, helps guarantee the corporation's continuity and competitiveness.

The charter operates within the framework of existing laws and regulatory texts and aligns with them, acknowledging that it does not claim to be exhaustive, given the abundance of legal texts in this area. Instead, it serves as a referential document and a valuable resource for corporations.⁶⁶

Data quality and disclosure in the Algerian governance charter:

The Algerian charter mandates that corporations publish and disclose their annual financial status in accordance with the highest international standards. For corporations listed on stock exchanges, there is an obligation to release their financial situation every quarter, along with any other information that could impact the corporation's evaluation. Consequently, the charter recommends that corporations produce timely, accurate, and comprehensive financial statements that can be accessed by financial partners.⁶⁷

⇒ **Launching the Algeria Governance Center:**

Building on the momentum generated by the Corporate Governance Guide, the Corporate Governance Working Group established the Algeria Governance Center in October 2010 in Algiers. The center was created to support Algerian companies in adhering to the guide's provisions and adopting best practices in international corporate governance. The establishment of the center represents a significant opportunity for the business community to show its commitment to enhancing the economic environment in the country and advancing democratic governance values, including transparency, accountability, and responsibility.⁶⁸

3.2.3 Practices of Corporate Governance in Algerian Companies

⇒ **Procedures of enhancing corporate governance in Algerian companies:**

To establish effective corporate governance practices, an enterprise should rely on a comprehensive set of measures designed to enhance and improve its performance. These measures can be divided into:⁶⁹

a. Short term measures:

The enterprise must adhere to a written corporate governance policy, which should be disclosed and made publicly available. Additionally, the process for forming the board of directors, defining their roles, and specifying their required skills must be clear. It is also advisable for the company to establish a consultant board of directors. Furthermore, there

⁶⁶ Menad, A. (2014). A dissertation submitted in partial fulfillment of the requirements for the Doctor's Degree in development economics, University of Abou Bekr Belkaid

⁶⁷ Saghor, M. (2013). Economy and human development magazine, University of Blida Saad Dahlab.

⁶⁸ مريم زغلامي ، كمال شريط ، سفيان خلوفي، تقييم واقع حوكمة الشركات في الجزائر في إطار ميثاق الحكم الراشد -دراسة حالة شركة " آن سي آي " روية الجزائر (مارس 2013 – جويلية 2020)، مجلة التنظيم والعمل، المجلد 01 ، العدد 4، 2021، ص 64.

⁶⁹ Fellag Nourredine & Tagrerout Mohamed (2019), Ibid, p 369.

CHAPTER THREE : EMPIRICAL STUDY

should be clear communication and relationships with minority shareholders, and transparency in disclosure and accounting systems is essential. The company is also required to appoint independent auditors and provide a timetable for all significant events and activities.⁷⁰

- The corporate governance policy mandates the establishment of an advisory board consisting of three or four members. This board aims to assist in decision-making by offering independent and objective opinions to the administration and the board of directors, and by suggesting potential nominees for independent board members.
- The company is required to appoint a managing member of the board of directors from among recognized market experts.
- The company must adhere to an environmental and social policy and publicly disclose information regarding this policy.
- The company's policy should guarantee equitable treatment of minority shareholders.

b. long term measures:

The corporate governance policy stipulates the appointment of a consultant board of directors within one year. This board is required to hold four sessions annually. The company must prepare a timetable and documents for key meetings and provide them to the consultant board in advance of the meetings. The policy also addresses the following issues:

- ⇒ An independent and non-executive member must be appointed to the board of directors within two years, and this individual may also serve on the consultant board of directors.
- ⇒ The company is required to disclose their adherence to corporate governance rules in their annual report.⁷¹
- ⇒ **The challenges of Algerian companies in term of corporate governance:**⁷²

Algerian SMEs encounter numerous challenges regarding corporate governance practices. Some of these challenges include:

a) How to ameliorate the relation with the bank:

The company faces a significant challenge in improving its relationship with financial institutions. Banks often distrust the financial statements of Algerian companies, which results in a reluctance to provide funding. To overcome these barriers, enterprises need to adhere to corporate governance principles and build a trustworthy relationship with banks to secure financial resources.

⁷⁰ Center for international private enterprise, corporate governance issues and trends, periodical, N: 13, 2009, p: 10.

⁷¹ Fellag Nourredine & Tagrerout Mohamed (2019), Ibid, p 370-371.

⁷² Fellag Nourredine & Zerrouki Brahim, Corporate Governance Perspectives in Algerian Small and Medium Scale Enterprises, Global Journal Of Management And Business Research, volume 17 Issue 2 Version 1.0, USA, 2017, p 18-19.

CHAPTER THREE : EMPIRICAL STUDY

b) How to bring external investment to the initial core of the familial enterprise

Many Algerian companies are family-owned, which can deter external investors. To attract foreign investment, these companies need to open up to external investors, diversify their sources of capital, and avoid implementing policies that restrict investment opportunities. This approach will help broaden the company's activities and enhance its growth prospects.

c) How to establish a relation of trust with fiscal administration

The relationship between enterprises and the fiscal administration must be built on trust to ensure greater freedom and autonomy for companies. This trust will enhance transparency and disclosure, fostering a more open and accountable business environment.

d) How to clarify the relation between shareholders

Many companies face internal conflicts among shareholders regarding various strategic issues. It is essential for these companies to develop solutions to address and resolve these internal disputes to ensure effective governance and operational harmony.

e) How to clarify the responsibilities between the executive team

A significant number of enterprises may encounter issues related to the dilution of responsibilities, often resulting in overlaps between the executive team and leading to internal conflicts. These conflicts arise from unclear delineation of responsibilities between the executive team and shareholders. Implementing corporate governance practices helps clearly define and allocate responsibilities and functions within the company, thereby mitigating and resolving such internal conflicts.

f) How to adjust the succession's problem

This may be the most critical issue for companies in Algeria due to the predominantly familial nature of many firms. Many businesses struggle with succession planning following the death of the founder, largely due to the absence of internal regulations governing such matters. Therefore, it is essential for firms to establish clear and well-defined rules and procedures to manage the succession process effectively.

3.2.5 Problems of corporate governance in Algeria

Algerian companies face numerous challenges across various domains, both internal and external. The primary issues can be outlined as follows:⁷³

Global problems: Here is a table outlining the key challenges faced by Algerian companies, particularly small and medium-sized enterprises (SMEs):

⁷³ Fellag Nourredine & Tagrerout Mohamed, Corporate governance models in Algerian Small and Medium Sized Enterprises: "An empirical study on SMEs in Chlef and Sidi- Belabess.", Maaref , Volume: 14 / N°: 02, (December 2019), p 367.

CHAPTER THREE : EMPERICAL STUDY

Table N 3.1: the global problems of corporate governance for the Algerian SMEs

	SMEs plagued with difficulties of survival	SMEs in line with the challenges of growth
Relations between stakeholders	Enterprise owners are the managers too, the two positions are always confused and have an opacity result extends to the relations with the others.	The differentiation between owner and manager is relatively defined better, even though the two functions are cumulated, the quality of relations between the other stakeholders carries on.
The veracity of enterprises results.	The weak of management rules do not allow establishing with certainty the exactitude of enterprises results.	The existence of management rules that help of identifying the company results, but the problem of veracity can be posed.
The situations of transmission and succession	The problems of transmission and succession are generally not anticipated, and when they appear the company find itself sticky in inextricable situations that may lead it to danger.	The transmission and succession problems are better anticipated but their treatment does disrupt the company performance.
The strategy-interests articulation of the enterprises	The company is not able to project in the future, its interest is about to ensure survive day per day.	The company are able to build a strategy, but the tight articulation with their interests deserves to be consolidated and refined.

Source: see the Algerian corporate governance code, edition 9.p: 3.

Certainly! Here are additional problems that Algerian companies, including SMEs, may encounter both internally and externally:⁷⁴

- The establishment of the board of directors often involves distinguishing between the roles of the board and the executive management, as well as the overall enterprise management functions. Additionally, there is a need to address the level of oversight and the frequency of board meetings.

⁷⁴ Fellag Nourredine & Tagrerout Mohamed (2019), Ibid, p 369.

CHAPTER THREE : EMPIRICAL STUDY

- *Board of director's members:* Insufficient numbers of independent non-executive board members who can provide unbiased opinions and contribute effectively due to their sense of responsibility.
- *Board of director's committees:* The critical issues include the effectiveness and independence of key committees such as the audit committee, the nominations committee, and the remuneration committee, as well as the presence or absence of independent non-executive members on these committees.

Additionally, the general investment environment in Algeria is not conducive, marked by a lack of laws and regulations governing economic activity. Furthermore, there is an absence of legislation that ensures the effective practice of corporate governance within companies and enforces compliance in a manner that is distinct from the existing legal framework.

⇒ **Components of the Algerian Model of corporate governance:** ⁷⁵

Fellag & Tagrerout (2019) define the key components necessary for a governance model for SMEs in Algeria, the following outlines the main elements that constitute our proposed governance model:

Internal actors: They include the board of directors, as well as partners, shareholders, and stakeholders.

Relation between internal actors: There exists a relationship characterized by integrity, responsibility, fairness, and accountability.

External actors: They include the tax authorities, external auditors, banks, clients, and the environment.

Relation between external actors and the company: They involve a relationship characterized by commitment and fairness.

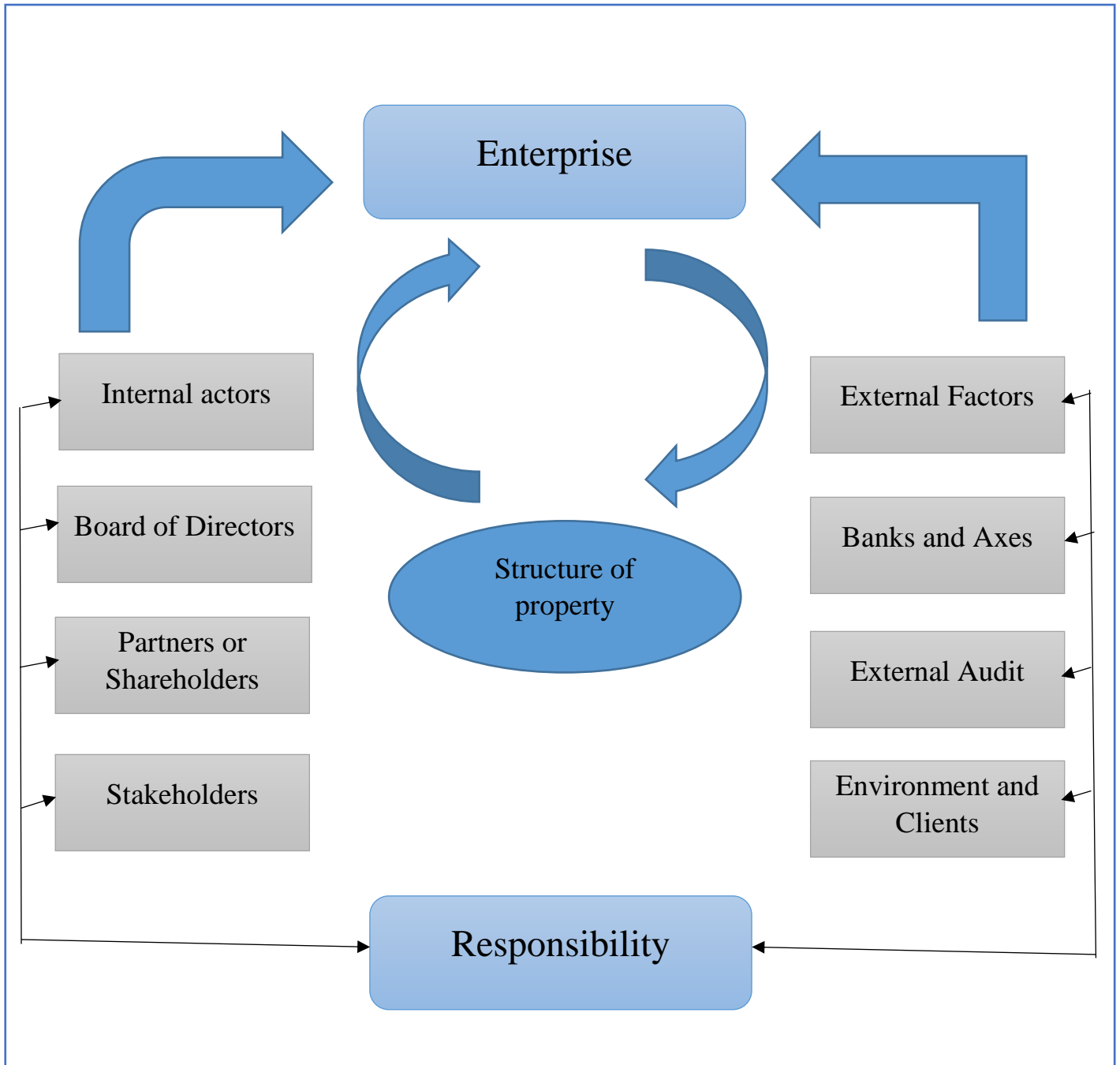
The structure of property in the company: This is somewhat centralized due to the familial nature of the businesses.

Based on the key pillars that define the governance model for Algerian Small and Medium-sized Enterprises (SMEs), we can outline the following framework that illustrates the core components of the governance model:

⁷⁵ Fellag Nourredine & Tagrerout Mohamed (2019), Ibid, p 379-380.

CHAPTER THREE : EMPIRICAL STUDY

Figure N 3.1: model of governance for the Algerian SMEs.



Source: Fellag Nourredine & Tagrerout Mohamed (2019), Ibid, p 380.

CHAPTER THREE : EMPIRICAL STUDY

3.3 Research Methodology:

This section present research methodology and design, study population and sample, limitations of the Study, research Instruments, operationalization and measurement of variables, the Study model, questionnaire design, tool used to analyze the collecting data, statistical techniques, pilot study, validity of research instrument, reliability of research instrument, normality of data, data analysis respectively.

3.3.1 Research Methodology, population, and instruments

⇒ Research Methodology and Design :

To achieve research objectives, researchers should use a particular methodology.⁷⁶ Determining the method used in the study is an important and necessary step, so that the researcher can study his subject scientifically, and the method means "a set of procedures and accurate methods adopted in order to reach a result, as it is a series of successive stages that should be followed in a coordinated and organized manner"⁷⁷ Research methodology is defined by Leedy and Ormrod as “ the general approach the researcher takes in carrying out the research project “⁷⁸. Collis and Hussey state that methodology refers to “the overall approach to the research process, from the theoretical underpinning to the collection and analysis of data “. ⁷⁹

It is recognized among those interested in the methodology of scientific research that the process of choosing a researcher for a particular approach from the known curricula depends on taking into account a set of considerations that are mainly determined in the nature of the problem that he is about to study, and its hypotheses. The research subject is the one that imposes on the researcher to use certain approach without others, so the methods differ according to the topics and problems posed, and due to the nature of the problem posed.

This study adopted both descriptive and explanatory design which is cross-sectional in nature. Descriptive studies involve portraying the profile of a phenomenon under study, and it often serves as a precursor to explanation, while explanatory studies establish a causal relationship between constructs of a study.⁸⁰

⁷⁶ Khaled Abdelkader Muftah Otman, Corporate Governance and Firm Performance in Listed Companies in the United Arab Emirates, Thesis submitted in fulfilment of the requirements of the degree of Doctor of Philosophy, Victoria University of Melbourne Australia, March 2014, 132.

⁷⁷ موريس أنجرس، منهجية البحث العلمي في العلوم الإنسانية، ترجمة يزيد صحراوي وآخرون، الطبعة الثانية، دار القصب، الجزائر، 2004، ص 36.

⁷⁸ Leedy, PD & Ormrod, JE 2005, Practical research: planning and design, 8th edn, Prentice Hall, Upper Saddle River, N.J, p 14.

⁷⁹ Collis, J & Hussey, R 2003, Business research: a practical guide for undergraduate and postgraduate students, 3th edn, Palgrave Macmillan, New York, p 55.

⁸⁰ Saunders *et al* (2009) in : BSCA IDOWU OWOEYE, Human Resource Management Interventions and Performance of Police Force in Ondo State, a thesis submitted to the school of business in partial fulfilment of the requirements for the award of the degree of Doctor of Philosophy in Business Administration, Kenyatta University, Nigeria, 2020, p 60.

CHAPTER THREE : EMPIRICAL STUDY

Both descriptive and explanatory designs become relevant for this study because it aligns with the philosophical view that this study adopted, and allows survey strategy as a deductive approach to collect quantitative data to be analysed descriptively and inferentially.⁸¹

⇒ **Study population and sample (questionnaire):**

Sekaran (2003) defines a population as a 'group of people, events, or things of interest that the researcher wishes to investigate'.⁸² The population of the current study consists of all of the Algerian Public Enterprises. Studying an entire population is impractical. Therefore, a sample is chosen to represent the population. A sample is a subset of the population, selected as representative of the larger population.⁸³ A sample must be selected that can be seen as representative after defining the populations intended for the research.⁸⁴

The researcher used randomly sample from 67 Algerian Public Enterprises, and the researcher distributed of the questionnaire for internal auditors, board members, CEOs, external auditors for each company. The totaling (67) questionnaires, but what was subjected to statistical analysis only (50) because of the lack of returned or completion of the respondents, it was representing (74.62 %).⁸⁵

⇒ **Limitations of the Study:**

Every study has main limits to be achieved within its framework. Most researchers have divided these limits into three main limits:

Geographic Limitations:

This study included a number of public economic enterprises located in western and central Algeria, which met the study conditions and agreed to conduct the study.

Timing Limitations:

The real beginning of the research project is when the idea is embodied as a concern for the researcher's mind, and becomes the main concern of the researcher, which has been since the agreement between the researcher and the supervisor on the selection of the topic in December 2019.

I devoted the first year of study to participating in scientific forums and seminars; I also published an article in a classified journal.

⁸¹ BSCA IDOWU OWOEYE, Human Resource Management Interventions and Performance of Police Force in Ondo State, a thesis submitted to the school of business in partial fulfilment of the requirements for the award of the degree of Doctor of Philosophy in Business Administration, Kenyatta University, Nigeria, 2020, p 60.

⁸² Sekaran, U (2003), Research methods for business: a skill-building approach, 4th edn, Wiley, New York, p 256.

⁸³ A dress DeSean Walker, Corporate Governance Strategies to Improve Organizational Performance in The Accounting Industry, Doctoral Study Submitted in Partial Fulfillment of the Requirements of the Degree of Doctor of Business Administration, Walden University, Minnesota, 2018, p 44.

⁸⁴ Khaled Abdelkader Muftah Otman, *ibid*, p 138.

⁸⁵ Omar Fareed Shaqqour, The Corporate Governance Mechanisms and the Internal Audit Quality, International Journal of Managerial Studies and Research (IJMSR), Volume 5, Issue 2, February 2017, P 87.

CHAPTER THREE : EMPIRICAL STUDY

After collecting information and theoretical data on the subject, which took about two and a half years (August 2023), it was necessary to find enterprises in which the topic or theoretical framework will be embodied, in order to verify the validity of the hypotheses and the extent of their acceptance in reality, the empirical study was divided into two stages:

- a) Primary stage: The researcher at this stage (September 2023 - January 2024) tried to find the appropriate environment that is in line with study objectives and available capabilities, it was a reconnaissance stage. After extrapolating the reality, the Enterprises that meet the conditions for establishing the researcher project were identified, where about 70 Public Enterprises were identified in western and central region, the selection of these organizations is due to their availability of many of the conditions imposed by the study, its methodology and tools to reach the set goals.
- b) Secondary stage: At this stage, some interviews were conducted with some managers of the previously selected Enterprises, as well as observation, analysis of documents and distribution of the questionnaire.

The questionnaire was distributed and collected between January and April 2024 to the participants in the research. As mentioned earlier, questionnaires were produced for four target groups to elicit their opinions. Particular efforts were made to minimize the problem of a low rate of response by: obtaining the information about Enterprises under study, which include the company name, email, contact number and company address; contacting the Public Enterprises and briefing them on the study and questionnaire and arranging for visits; providing a letter from the researcher to explain the aim of the study and identify the researcher, asking for the questionnaire to be completed, explaining the nature and importance of the study; assuring respondents that their answers would remain confidential; and hand-delivering and collecting questionnaires and making a follow-up telephone call. Based on the above efforts, 50 usable questionnaires out of the 67 distributed questionnaires were collected, making a response rate of 74.62 %.

Human Limitations:

The study was conducted on a number of managers, board members, external and internal auditors of Algerian economic institutions, where the questionnaire was distributed to 67 respondents.

⇒ **Research Instruments:**

There are many tools to help gathering data so as to be treated statistically and transform it from the qualitative form to the quantitative.

It is the starting point for any field investigation, whether quantitative or qualitative investigation . The scientific material is determined from the field of study, while the tools by which data are collected are determined from the subject of the study and the reality in which the phenomenon in question is located as well as the study methodology, each approach imposes a set of tools that must be used and employed in the field from data collection to drawing conclusions. These tools cannot be taken and worked arbitrarily, as much as they require the researcher to develop a strategy when building the researcher's method of dealing with the field, the methodological steps must be taken

CHAPTER THREE : EMPERICAL STUDY

into account when using these tools and taking into account objectivity and accuracy during data collection.⁸⁶

Observation:

Observation is one of the most important data collection tools, and it is divided into two types: simple observation: or Non-participation observation, through which the researcher closely monitors the respondents, without participating in the activity carried out by the group, and it is by watching, listening or following a specific situation .⁸⁷ And scientific observation, which differs from normal observation, through that it uses the scientific mind in analyzing phenomena and finding relationships between them, observation is an intentional and controlled attention to phenomena, which go beyond linguistic communication in order to discover their causes and laws, as it is the process of watching and monitoring behaviors, phenomena and problems, and following up their course and trends in an organized, planned and purposeful scientific manner, with the intention of interpreting and determining the relationship between variables, and predicting the behavior of the phenomenon and directing it to serve the purposes of humans.⁸⁸ The pioneers of sociology have emphasized the importance of observation in social research. (*Simon*) pointed out that " research in any field of science can only be characterized when it is subject to careful observation " .⁸⁹ One of the advantages of observation is that it is a direct method, through which data and information are obtained from the situation in which it occurs, without the need to ask individuals, as the researcher sees what they do and watch, and it is the best way to study the linguistic behavior of individuals, both verbal and non-verbal.⁹⁰ Among the disadvantages of using observation are:⁹¹

- The process of collecting information by observation takes a long time, especially if the observation is participatory.
- The participant's awareness of the presence of those who observe him may push him to change his behavior, and therefore the researcher gets information that is not truthful, and contradicts what is happening in reality.
- The observer's observation process without knowing the person we observe means a violation of the ethics of scientific research

The current study used observation as an auxiliary tool, through direct inspection to reveal details related to some dimensions of the study, to access broader information by experiencing the facts as they occur automatically in their normal circumstances, by observing the behaviors and interactions of the respondents in the work environment and their reactions, and using In order to analyze and interpret more accurately the phenomenon studied, especially monitoring the extent of the respondents' commitment and

⁸⁶ لبوز إلياس، دور الإبداع الاداري في تحقيق التطوير التنظيمي، دراسة سوسولوجية بمؤسسات القطاع العام بمدينة ورقلة، أطروحة لنيل شهادة دكتوراه ل م د في علم الاجتماع، جامعة محمد خيضر - بسكرة، 2016-2017، ص 195.

⁸⁷ محمود حامد خضر ، المدخل إلى علم الاجتماع، ط 1 ، دار البداية، عمان، 2012 ، ص 138.

⁸⁸ إحسان محمد الحسن، عدنان سليمان الأحمد، المدخل إلى علم الاجتماع، ط 1 ، دار وائل، عمان، 2005، ص 90.

⁸⁹ هاني عرب ، مهارات التفكير والبحث العلمي ، دار عرب للنشر، جدة، 2009 ، ص 71.

⁹⁰ مروان الابراهيم و آخرون ، مناهج البحث العلمي طرق البحث النوعي، ط 2 ، دار المسيرة، عمان، 2007، ص 181 .

⁹¹ ماجد محمد الخياط ، أساسيات البحوث الكمية والنوعية في العلوم الاجتماعية، ط 1 ، دار الراية، عمان، 2010، ص 259

CHAPTER THREE : EMPIRICAL STUDY

discipline in the workplace, as it is an important indicator of the strictness or flexibility of the organization's internal system.

Interview:

The interview is a tool for collecting data, it occupies an important place among other tools, as the researcher cannot do without it, and it is the most common and effective tool in obtaining the necessary data, and the interview usually seems to the average person a very simple matter.⁹² The interview is an interactive relationship between the researcher and the respondent, that allows linking a scientific social relationship by providing a social and psychological environment for the researcher, and putting in the best conditions to respond to asking questions, and requires scientific competence, technical abilities, psychological skills and communication techniques, for the success of the communication process, in a way that serves the objectives of the research, and given the importance of the interview to explore the respondent, but it requires effort and time to obtain information.⁹³ There are two types of interview: *Free or non-codified interview*: The questions are not pre-set, but the researcher asks a general question about the research problem, and through the answer of the researcher, he sneaks in asking other questions used this type in exploratory interviews, and when the researcher is unfamiliar with the problem or phenomenon and does not have a complete background about it. *Programmed interview*: Its questions are specific and sequential by the researcher, and the same questions are asked in each interview and the researcher tries to adhere to these questions, with the addition of some questions if the researcher needs it.⁹⁴ Among the disadvantages of the interview we mention:⁹⁵

- Difficulty meeting a large number of individuals.
- You need training and skill in conducting it
- The difficulty of quantifying responses and subjecting them to quantitative analysis, especially in the open interview.

Questionnaire :

It is one of the most widely used and common data collection tools in social research. this is due to the advantages that this tool achieves, both in terms of reducing effort and cost or ease processing data in a statistical manner.⁹⁶ *Maurice Angers* defines a questionnaire as a (direct scientific investigation technique used vis-à-vis individuals, allowing them to be questioned in a targeted manner and to carry out quantitative withdrawals with the aim of finding a relationship mathematical and digital Comparisons).⁹⁷

The questionnaire is one of the easiest data collection tools, the ease does not lie in building it, whether in terms of form or content, but in terms of shortening the effort, time and money for the researcher

⁹² لبوز إلياس، مرجع سابق، ص 196.

⁹³ قوبجيل رزقي ، خلفاوي حسين ، منسول الصالح، المقابلة والملاحظة والاستمارة في البحث الاجتماعي، مجلة العلوم الإنسانية و الاجتماعية، المجلد 09، العدد 01 ، جوان 2023 ، ص 176 .

⁹⁴ ريجي مصطفى عليان ، طرق جمع البيانات والمعلومات لأغراض البحث العلمي، دار صفاء، عمان، 2009، ص 80.

⁹⁵ إبراهيم بن عبد العزيز الدعيلج ، مناهج وطرق البحث العلمي، ط 1 ، دار صفاء، عمان، 2010، ص 107 .

⁹⁶ قباري محمد إسماعيل، مناهج البحث في علم الاجتماع، منشأة المعارف، الإسكندرية مصر، 2001 ، ص. 304 .

⁹⁷ موريس أنجرس، مرجع سابق، ص 204 .

CHAPTER THREE : EMPIRICAL STUDY

to obtain a huge amount of data from the study population as it can be distributed to a large group of individuals, unlike the interview that requires time and determining a small sample of the study population according to the researcher's capabilities, scientific and cognitive abilities, and communication skills.⁹⁸ In my study I used the questionnaire as an essential tool because it is the suitable tools for such kind of studies.

The reasons for using a questionnaire in this research are in line with the views of Foddy (1993) and Oppenheim (1992), as follows. First, it is the most common method of data collection in survey research because it assures the anonymity of respondents and enables them to respond more freely and at their convenience. This has a positive effect on the credibility of the research, as the data gathered are believed to be representative of the respondents' knowledge of the subject. Second, it is suitable for an individual researcher who has limited resources in terms of time and cost. Third, it can be distributed to large numbers of respondents, which lends greater credibility to the data collected.⁹⁹

Documents and Records:

It is considered as the most important tool of collecting data and information on the study subject, due to its credibility, one of the most important documents used in the current study that helped to enrich the subject with additional information: the old organizational structure and the current structure of the enterprises that represent the study sample in order to compare the two structures to know the amendments that have occurred in the various organizational units, documents for training and training programs, documents for employee performance evaluation, the internal law of the enterprises under study, charters of some enterprises that represent the study sample, a copy of the external auditor report, board of directors reports, I reviewed these documents in order to verify the credibility of the information provided by the respondents on the subject of *Governance* and *Organizational Development*.

3.3.2 Measurement of Variables and Statistical Techniques

⇒ Operationalization and Measurement of Variables

The variables examined in this research were divided into dependent variable and independent variable. The dependent variable was *Organizational Development* while independent variable were *Corporate Governance*.

Table presented how the aforementioned variables were operationalised and measured in this study.

⁹⁸ قويجيل رزقي ، خلفاوي حسين ، منسول الصالح، مرجع سابق، ص 179.

⁹⁹ Khaled Abdelkader Muftah Otman, *ibid*, p 136.

CHAPTER THREE : EMPIRICAL STUDY

Table N 3.2 Operationalization and Measurement of Variables

Construct/ variable	Nature	Operationalisation	Indicators / Metrics	Measures	Adapted Source	Section of the questionnaire
Corporate Governance	Independent variable	Corporate Governance is a management philosophy and a set of practical measures to ensure sustainability and competitiveness of enterprise by: Identify rights and duties of the enterprise actors Sharing powers and responsibilities that this entails.	Legislative and legal framework	3 item instruments	دليل استرشادي لقواعد حوكمة الشركات المدرجة في الأسواق المالية العربية	Section 2
			Board Responsibilities	8 item instruments	يرقي حسين، علي عبد الصمد 2012	
			Shareholders Rights	5 item instruments	يرقي حسين، علي عبد الصمد 2012	
			Internal Audit	3 item instruments	دليل استرشادي لقواعد حوكمة الشركات المدرجة في الأسواق المالية العربية	
			External Audit	4 item instruments	دليل استرشادي لقواعد حوكمة الشركات المدرجة في الأسواق	

CHAPTER THREE : EMPIRICAL STUDY

					المالية العربية/ مفيدة بن عثمان، نورة محمدي 2021	
			Stakeholder Role	6 item instruments	برقي حسين، علي عبد الصمد عمر 2012	
			Disclosure & Transparency	5 item instruments	دليل استرشادي لقواعد حوكمة الشركات المدرجة في الأسواق المالية العربية برقي حسين، علي عبد الصمد عمر 2012	
Organizational Development	Dependent variable	Organizational Development is a set of planned and organized processes, interventions and activities that include various components and elements of a system: culture, materials, human resources, strategies, and processes, which follow the process	Strategic Development	14 item instruments	مغمولي نصيرة /2014 وفاء لعريط، إسماعيل طيرة /2017 هيشور محمد الأمين /2017 عالية جواد محمد علي، سيف الدين عماد أحمد 2013	Section 3

CHAPTER THREE : EMPERICAL STUDY

		of comprehensive diagnosis of problems facing this system, with the aim of improving the level of individual and organizational performance.	Structural Development	18 item instruments	مغمولي نصيرة /2014 عبد الله مفتاح الشويرف و آخرون /2021 نعيمة صوطة 2019
			Human Development	7 item instruments	مغمولي نصيرة /2014 عماري سمير، كاكبي عبد الكريم 2014
			Human Resources management	12 item instruments	مغمولي نصيرة /2014 نعيمة صوطة /2019 زينب طعم الله، عمر بولهواش /2020 عالية جواد محمد علي، سيف الدين عماد أحمد 2013

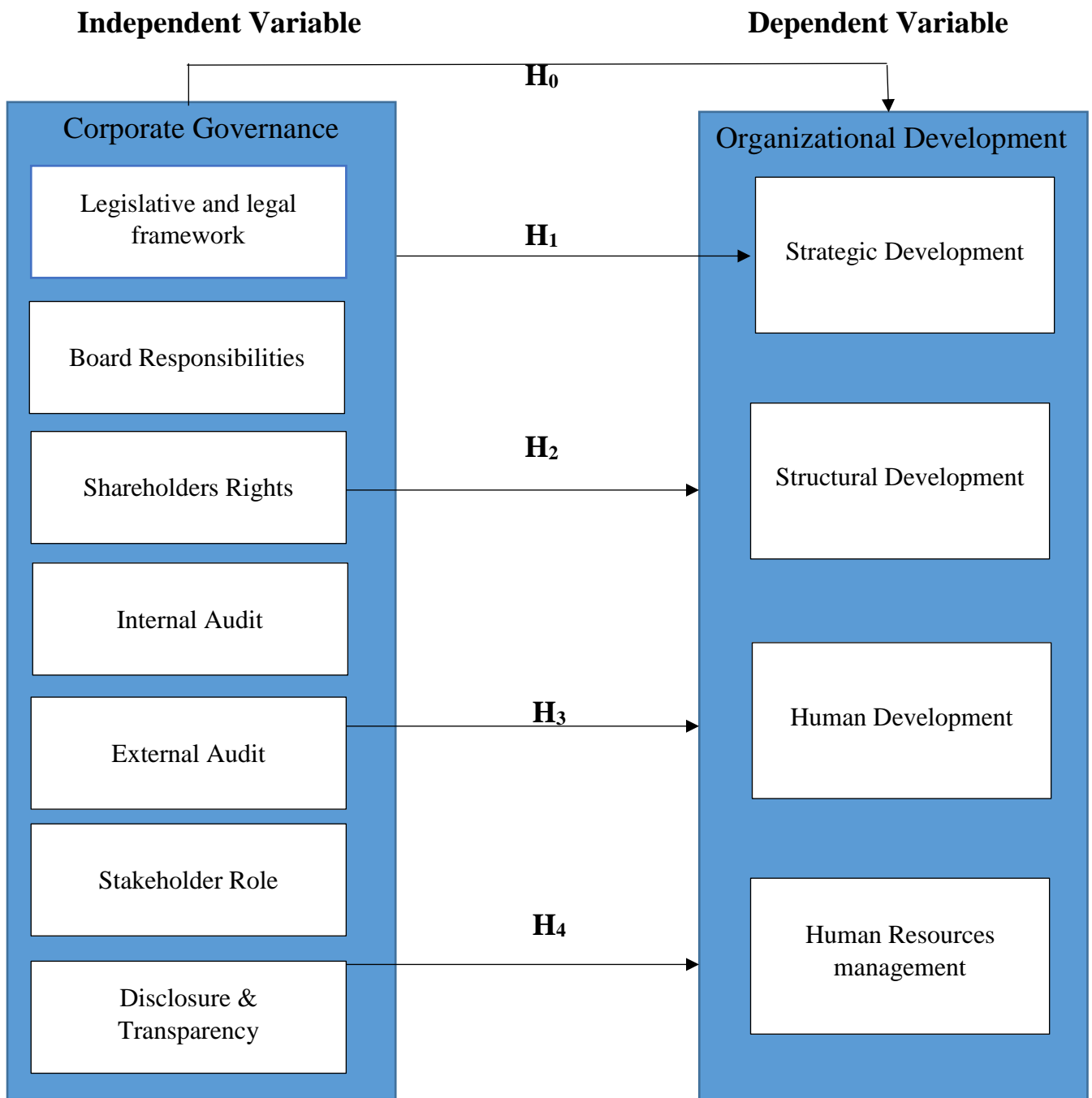
Source: adapted by researcher

CHAPTER THREE : EMPIRICAL STUDY

⇒ The Study Model:

The conceptual framework of this study (see figure) presents the network of relationships that exist among the constructs that have been earlier discussed in this study:

Figure N 3.2: Conceptual Framework



Source: Adapted by Researcher

CHAPTER THREE : EMPERICAL STUDY

⇒ Questionnaire design:

Collis and Hussey (2003) outline the considerations and guidelines to be followed in the construction of questionnaires. For example, the questions must be asked in very simple and concise language, and the researcher should not place unrealistic demands on respondents' level of knowledge and education. The researcher should ensure that everybody can take the same meaning from each question, and each question should deal with only one dimension or aspect; that is, the questions should be formulated in such a way that there is no escape route in terms of the answer. Questions should be specific and not too general in nature so that the respondent does not give several answers. They should not be of a suggestive nature, directing the respondent towards a particular answer or opinion, and questions should be formulated in polite and soft language. The words and language used in the questions should be straightforward and free of any hidden meaning. Questions should be placed in the right order, with easy and positive questions asked first. The questionnaire should be formatted and printed in such a way that it does not look off-putting in terms of its length or complexity. It should be pre-tested on three to five respondents in terms of level of difficulty, willingness of the respondents to answer sensitive questions and the time it takes respondents to complete the questionnaire.¹⁰⁰

According to Bryman (2004) and Oppenheim (1992), there are two types of questionnaire: self-administered and interviewer-administered. The self-administered questionnaire is divided into three types: the Internet-mediated questionnaire, the postal questionnaire and the hand-delivered and collected questionnaire.¹⁰¹ I used the postal questionnaire and the hand-delivered and collected questionnaire in this study.

There have been numerous discussions regarding open versus closed questions in survey research, and researchers sometimes disagree on how questions should be formed and structured in a questionnaire. Therefore, in constructing the questions, one of the most significant considerations for many researchers is whether to ask a question in an open or closed format. Open questions offer the advantages that respondents can give personal responses or opinions in their own words and feel comfortable about providing the information and expressing their opinions. At the same time, response rates for open questions can be very low because people are often too preoccupied or busy to write full-length answers. Further, such questions require more effort from respondents, they are costly and time-consuming, and they take time for the researcher to process. The coding and analysis of open questions is also more difficult. Another problem in using open questions is that respondents might not be willing to write a long answer; instead, they might decide to leave the question blank. In closed questions, a range of answers is set out in the questionnaire and respondents are asked to tick the appropriate boxes. According to Saunders, Thornhill and Lewis (2007), closed questions are usually quicker and easier to answer because they require minimal writing. This type of question is useful when a questionnaire is long or requires individual completion. In addition, answers from different respondents to closed questions can be easier to compare, easier to code and are usually easy to analyse because the range of answers is limited.¹⁰² For these reasons, I chooses closed questions

¹⁰⁰ Collis, J & Hussey, R 2003, *ibid*.

¹⁰¹ Khaled Abdelkader Muftah Otman, *ibid*, p 136.

¹⁰² Khaled Abdelkader Muftah Otman, *ibid*, p 141-142.

CHAPTER THREE : EMPERICAL STUDY

(yes/no) in this study. A copy of the questionnaire used in this study is provided in Appendix 1. The final questionnaire in this study is divided into the following sections:

First section: this part is dedicated to the personnel information of the interviewees and information about enterprises that represent the study sample, it is about the demographic data.

Second section: this part is about the nature of corporate governance in these companies, it is formed of 34 questions.

Third section: is made of 51 questions, this part is dedicated to identify the nature of Organizational Development in the mentioned companies.

The following table represents the axes of the questionnaire and the number of questions in each axis:

Table N 3.3 : Axes of The Questionnaire

variables	Axes	Question Number
Corporate Governance	Legislative and legal framework	3
	Board Responsibilities	8
	Shareholders Rights	5
	Internal audit	3
	External audit	4
	Stakeholder Role	6
	Disclosure & Transparency	5
Organizational Development	Strategic Development	14
	Structural Development	18
	Human Development	7
	Human Resources management	12

Source: prepared by the researcher

⇒ **Tool used to analyze the collecting data:**

The statistical package for social sciences (SPSS) version 29 has been used to treat the data collected and transform it from the qualitative pattern to the quantitative pattern.

⇒ **Statistical Techniques:**

In order to process the data that have obtained through the study field of the surveyed sample; specifically the researcher used statistical methods the following:

1. *Cronbach's Alpha Coefficient:* It used to test the reliability tool to study under which the data are collected. In other words, it used to test internal consistency of the paragraphs of the questionnaire.

CHAPTER THREE : EMPIRICAL STUDY

2. *Spearman-Brown Coefficient and Guttman Coefficient*: It used to test the reliability tool to study under which the data are collected when we uses *Split Half Method*
3. *Pearson Correlation Coefficient*: It used to test the construct validity tool to study under which the data are collected.
4. *2. Frequencies and Percentages*: they used to identify the characteristics of the study sample.
5. *Mean*: it used to identify the level of severity of the answer to the sample of the study`.
6. *Standard Deviation*: it used to determine the dispersion of the study sample answers from the values of the arithmetic average.
7. *Simple Regression Test*: Simple Regression and Weighted Least Squares regression to measure the impact of independent variables on the dependent variable.
8. *Shapiro-Wilk and Kolmogorov Smirnov Tests*: It used to test the normality of the variables data.

3.3.3 Tests of Study Validity:

⇒ **Pilot study:**

Pilot study was conducted to ascertain the adequacy, appropriateness, and suitability of the research instruments. The research items were administered to 34 respondents selected from the target population of this study and the selected respondents did not participate in the main study. The validity and reliability of the instruments of this study was ascertained in the pilot study and the results obtained provided direction that guided the researcher on manipulation of the collected data for further analysis.

⇒ **Validity of Research Instrument :**

The validity of a questionnaire is determined by analyzing whether the questionnaire measures what it is intended to measure.¹⁰³ In qualitative research, validity is synonymous with credibility, confirmability, and transferability. Credibility is the confidence placed in the truth of the research findings. Credibility means the research findings represent believable information drawn from the participants' original data and that the data represents a correct understanding of the participants' original views.¹⁰⁴

In order to determine the validity of the measuring instrument, different types of validity have been suggested in the literature. These can be listed as follows: Predictive Validity, Concurrent Validity, Content Validity, Criterion-Related Invalidity, Internal Validity, External Validity, Construct Validity, Face Validity, Systemic Validity, Theoretical Validity, Jury Validity, Consequential Validity, Cultural Validity, Interpretive Validity, Descriptive Validity, Evaluative Validity, Statistical Conclusion Validity, and Translation Validity. Although it is possible to expand this list further, two

¹⁰³ Tsang S, Royse CF, Terkawi AS, Guidelines for developing, translating, and validating a questionnaire in perioperative and pain medicine, Saudi Journal of Anesthesia, Volume 11, (Supplement 1) , May 2017, p 86.

¹⁰⁴ A dress DeSean Walker, ibid, p 55.

CHAPTER THREE : EMPIRICAL STUDY

types of validity are generally accepted to have particular importance in the literature, namely content validity and construct validity.¹⁰⁵

Content validity:

Content validity refers to an appropriate measure of what constitutes a given construct in a study.¹⁰⁶ In this method, the researcher consults the experts to evaluate each expression in the developed measuring instrument in terms of the content of the scale or terms of appropriateness and evaluates each expression in line with the opinions of the experts.¹⁰⁷

The questionnaire in this research went through a number of developmental stages before final distribution. In the first stage, a draft of the questionnaire was improved by writing down and grouping all questions. This draft was discussed with the supervisor, and then distributed to selected academic staff in Algerian universities with expertise in the area of corporate governance and organizational development. In the second stage, the questionnaire was translated from Arabic into English by the researcher. A draft of the questionnaire was sent to academic staff in Algerian universities with expertise in the area of research to check for grammar and to confirm the meaning in the English language. In the third stage, the questionnaire was sent to experts in statistical technique.

Construct validity:

Construct validity describes the operationalization of constructs in a way that reflects the theoretical assumptions underpinning the conceptual framework of the study, and therefore, the relationships hypothesized in this study were rooted in various theoretical assumptions to ensure construct validity.¹⁰⁸ Construct validity is widely used in research and is based on the logical relationships between variables. However, a constructed fit of the study is not sufficient when examining validity. Testing the convergent and discriminant validities after the construct validity test is of great importance for the research to yield beneficial results.¹⁰⁹ Construct validity is the most important concept in evaluating a questionnaire that is designed to measure a construct that is not directly observable. If a questionnaire lacks construct validity, it will be difficult to interpret results from the questionnaire, and inferences cannot be drawn from questionnaire responses to a behavior domain.¹¹⁰

a) Discriminant validity:

Discriminant validity is utilized to ensure whether the observed variables used in the measurement model measure the latent variable. Discriminant validity refers to the situation where expressions in the scale refer to one specific factor and are less related to the other factors; in other words, one item is related to one factor.¹¹¹

This method is used by collecting the respondents' scores, and taking a certain percentage of those scores, to make a correlation comparison through the Pearson correlation coefficient between the

¹⁰⁵ Sürücü, L. & Maslakçı, A., Validity And Reliability In Quantitative Research, Business and Management Studies: An International Journal (BMIJ), Vol.:8, Issue:3, Year:2020,p 2697.

¹⁰⁶ BSCA IDOWU OWOEYE, ibid, p 70.

¹⁰⁷ Sürücü, L. & Maslakçı, A., ibid, p 2698.

¹⁰⁸ BSCA IDOWU OWOEYE, ibid, p 70.

¹⁰⁹ Sürücü, L. & Maslakçı, A., ibid, p 2698.

¹¹⁰ Tsang S, Royse CF, Terkawi AS, ibid, p 86.

¹¹¹ Sürücü, L. & Maslakçı, A., ibid, p 2704.

CHAPTER THREE : EMPERICAL STUDY

lowest and higher scores, in order to ensure that this scale is able to distinguish between the respondents' scores in an honest and correct way that is not due to research chance. ¹¹²

To test construct validity of this study I use the discriminant method as shown in the table below

Table N 3.4 : Tests of Group Statistics

		N	Mean	Std. Deviation	Std. Error Mean	Sig. (2-tailed)
Corporate Governance	Low Scores	8	62.87	2.23	11.19-	0.00
	Hight Scores	8	52	1.60		
Organizational Development	Low Scores	8	90.62	3.02	9.39-	0.00
	Hight Scores	8	74.37	3.85		

Source: adapted from study data

The data shown in the table indicate that the mean of low scores of the *CG Corporate Governance* variance is equal to (62.87) with standard deviation equal to (2.23). while the mean of the hight scores is equal to a value of (52), with a standard deviation of (1.60), as T calculated is equal to (calculated T = -11.19) at the level of significance (0.00), which is less than the level of significance adopted in the study (0.05), which is a statistically significant, so it indicates the ability of the scale to distinguish between the higher degrees and the lower degrees of the *Governance* variable, which enables us to adopt it in measuring the variable among the sample members.

The data shown in the table also indicate that the mean of low scores of the *OD Organizational Development* variance is equal to (90.62) with standard deviation equal to (3.02). while the mean of the highter scores is equal to a value of (74.37), with a standard deviation of (3.85), as T calculated is equal to (calculated T = -9.39) at the level of significance (0.00), which is less than the level of significance adopted in the study (0.05), which is a statistically significant, so it indicates the ability of the scale to distinguish between the higher degrees and the lower degrees of the *Organizational Development* variable, which enables us to adopt it in measuring the variable among the sample members.

b) Convergent validity:

Convergent validity states that the expressions related to the variables are related to each other and the factors they create, and this means that the measuring instrument designed to measure particular construct measures this intended construct correctly. Convergent validity expresses that expressions should be related to each other and to the factor that is purported to measure the same concept. Convergent validity shows the degree of the relationship between the observed variables that measure the latent variable. ¹¹³ In practice, the questionnaire of interest, as well as the preexisting instruments that measure similar and dissimilar constructs, is administered to the same groups of individuals. Correlation matrices are then used to examine the expected patterns of associations between different measures of the same construct, and those between a questionnaire of a construct and other constructs.

¹¹² لبوز إلياس، مرجع سابق، ص 200.

¹¹³ Sürücü, L. & Maslakçı, A., ibid, p 2701.

CHAPTER THREE : EMPIRICAL STUDY

It has been suggested that correlation coefficients of 0.1 should be considered as small, 0.3 as moderate, and 0.5 as large. ¹¹⁴

Table N 3.5: Test of Convergent validity (Corporate Governance)

N=30	Globe Score of CG	
	Pearson Correlation	Sig. (2-tailed)
Legislative and Legal Framework	0.12	0.54
Board Responsibilities	0.89	0.00
Shareholders Right	0.73	0.00
Internal audit	0.68	0.00
External audit	0.52	0.00
Stakeholder Role	0.79	0.00
Disclosure & Transparency	0.67	0.00

Source: adapted from study data

Through Table, we find that the correlation coefficients of the *Corporate Governance* axes (Legislative and Legal Framework, Board Responsibilities of directors, Shareholders' Rights, Internal Audit, External Audit, Stakeholders Role, Disclosure and Transparency) with the total score of the scale amounted respectively to (0.12, 0.89, 0.73, 0.68, 0.52, 0.79, 0.67), in addition to the associated significance, which is less than the level of significance adopted in the study (0.05), which is statistically significant, which indicates the construct validity of the *Corporate Governance* scale.

Table N 3.6: Test of Convergent validity (Organizational Development)

N=30	Organizational Development	
	Pearson Correlation	Sig. (2-tailed)
Strategic Development	0.83	0.00
Structural Development	0.90	0.00
Human Development	0.55	0.00
Human Resources Management	0.64	0.00

Source: adapted from study data

Through Table above, we find that the correlation coefficients for the axes of *Organizational Development* (Strategic Development, Structural Development, Human Development, Human Resource Management) with the total degree of the scale amounted respectively to (0.83, 0.90, 0.55, 0.64) in addition to the associated significance, which is less than the level of significance adopted in

¹¹⁴ Tsang S, Royse CF, Terkawi AS, *ibid*, p 87.

CHAPTER THREE : EMPIRICAL STUDY

the study (0.05), which is statistically significant, which indicates the construct validity of the *Organizational Development* scale.

⇒ **Reliability of Research Instrument:**

Reliability refers to the stability of the measuring instrument used and its consistency over time. In other words, Reliability is the ability to measure instruments to give similar results when applied at different times. Of course, it is unlikely that the same results will be given every time due to differences at the time the measuring instrument is applied, as well as changes in the population and the sample. However, a strong positive correlation between the results of the measuring instrument is an indication of Reliability. The Reliability of the measuring instrument is an essential consideration for the results of the study to be healthy. Therefore, researchers should ensure that measuring instrument used is reliable. Different methods are used to determine the Reliability of the scales used in empirical research. Among these, the most frequently applied methods are test-retest reliability, alternative forms, and internal consistency tests. Internal consistency tests can be applied in three different ways (split-half, item-total correlations, and alpha reliability coefficient).¹¹⁵

Test-retest reliability:

Test-retest reliability refers to the extent to which individuals' responses to the questionnaire items remain relatively consistent across repeated administration of the same questionnaire or alternate questionnaire forms.[2] Provided the same individuals were administered the same questionnaires twice (or more), test-retest reliability can be evaluated using Pearson's product moment correlation coefficient (Pearson's r) or the interclass correlation coefficient.¹¹⁶

Alternative forms:

Another method used to test Reliability is the alternative forms method. Before applying this method, two different measuring instruments need to be developed that measure the same behaviour or quality. In addition to measuring instruments with the same content area, they must have the same number of items as well as similar features. In this method, the first measuring instrument is applied to the participants, followed by the second alternative form; the results are then evaluated to estimate the reliability coefficient. The focus is on the similarity of the results obtained from both measuring instruments and the extent to which they match. The data obtained from both sample groups are compared using Pearson statistics or t-test statistics. The fact that there is no significant difference between the means of two groups or the correlation between the alternative forms is high (0.80 and above) indicates that there is no measurement error and it has equivalence reliability.¹¹⁷

Internal Consistency:

Internal consistency reflects the extent to which the questionnaire items are inter-correlated, or whether they are consistent in measurement of the same construct.¹¹⁸ The measuring instrument measures the consistency of the items within it and questions how well the measuring instrument measures a particular behaviour or quality. The internal consistency of the measuring instrument

¹¹⁵ Sürücü, L. & Maslakçı, A., *ibid*, p 2707.

¹¹⁶ Tsang S, Royse CF, Terkawi AS, *ibid*, p 87.

¹¹⁷ Sürücü, L. & Maslakçı, A., *ibid*, p 2709.

¹¹⁸ Tsang S, Royse CF, Terkawi AS, *ibid*, p 85.

CHAPTER THREE : EMPIRICAL STUDY

depends on the correlation of each item that constitutes the measuring instrument. Many different methods have been used for determining Reliability based on internal consistency in previous studies. Among these, the most preferred methods are Split-half, item-total correlations, and alpha coefficient.¹¹⁹

a) Item-total correlations:

Correlation can be used to determine the Reliability of the scales as well as to measure the relationship of the measuring instruments with each other. The Item-Total Correlations is used in this context to refer to how much the score of each item in measuring instrument is related to the total score of all items in the measuring instrument. It is also stated that the item-total correlations for the items in the measuring instrument will be between 0,30 and 0,80, and the items with these values are considered suitable.¹²⁰

b) Split-half method:

This involves splitting the items into two sets, such as the first and second halves of the items or the even- and odd-numbered items. Then a score is computed for each set of items, and the relationship between the two sets of scores is examined.¹²¹

✓ Corporate Governance variable:

Spearman's correlation coefficient: equal variance and Cronbach alpha are required for halves.

Guttman correlation coefficient: equal variance and Cronbach alpha are not required for halves.

Table N 3.7: Tests of Reliability Statistics

Cronbach's Alpha	Part 1	Value	0.42
		N of Items	17 ^a
	Part 2	Value	0.49
		N of Items	17 ^b
Total N of Items			34
Correlation Between Forms			0.87
Spearman-Brown Coefficient	Equal Length		0.93
	Unequal Length		0.93
Guttman Split-Half Coefficient			0.93

Source: adapted from study data

Table N 3.8 : Tests of Scale Statistics

	Mean	Variance	Std. Deviation	N of Items
Part 1	28.4333	4.806	2.19220	17 ^a
Part 2	28.8667	5.361	2.31537	17 ^b
Both Parts	57.3000	19.045	4.36404	34

Source: adapted from study data

¹¹⁹ Sürücü, L. & Maslakçı, A., ibid, p 2710.

¹²⁰ Sürücü, L. & Maslakçı, A., ibid, p 2714.

¹²¹ لبوز إلياس، مرجع سابق، ص 199.

CHAPTER THREE : EMPERICAL STUDY

We note through tables (3.7) and (3.8) that the validity of the two halves (0.42, 0.49) respectively is unequal, in addition to the unequal standard variation of the two halves (4.81, 5.36) respectively, and therefore we take the value of Gethman estimated at (0.93), this indicates the stability of the scale and the possibility of relying on it in measuring the governance mechanisms of the sample members.

✓ Organizational Development variable:

Table N 3.9 : Tests of Reliability Statistics (Split-half method)

Cronbach's Alpha	Part 1	Value	0.76
		N of Items	26 ^a
	Part 2	Value	0.48
		N of Items	26 ^b
	Total N of Items		
Correlation Between Forms			0.54
Spearman-Brown Coefficient	Equal Length		0.70
	Unequal Length		0.70
Guttman Split-Half Coefficient			0.67

Source: adapted from study data

Table N 3.10: Tests of Scale Statistics

	Mean	Variance	Std. Deviation	N of Items
Part 1	41.37	21.14	4.60	26 ^a
Part 2	43.17	8.42	2.90	26 ^b
Both Parts	84.53	43.98	6.63	52

Source: adapted from study data

We note through tables (4.9) and (4.10), that the validity of the two halves (0.76, 0.48) respectively is unequal, in addition to the unequal variation of the two halves (21.14, 8.42) respectively, therefore we take the value of Gethman estimated at (0.66), this indicates the stability of the scale and the possibility of relying on it in measuring organizational development among the sample members.

c) Alpha coefficient:

The most popular method used in research to test internal consistency is the determination of the alpha coefficient. In the literature, different calculations have been developed for the alpha coefficient. Despite this diversity in the literature, the Cronbach's alpha coefficient, which was developed by Cronbach (1951) and is named after the researcher who developed the coefficient, is generally accepted in the literature. As the Cronbach's alpha coefficient, the value of which is between

CHAPTER THREE : EMPERICAL STUDY

0 and 1, approaches +1, it is stated that internal consistency is high.¹²² Conceptually, α is the mean of all possible split-half correlations for a set of items.

Although the Cronbach's alpha is interpreted in different ways in the literature, the generally accepted approach is presented in the table below.¹²³

Table 3.11: The Classification of Cronbach's Alpha Coefficient

Cronbach's Alpha Coefficient	Interpretation of Cronbach's Alpha Coefficient
$\geq 0,9$	The internal consistency of the scale is high.
$0,7 \leq \alpha < 0,9$	The scale has internal consistency.
$0,6 \leq \alpha < 0,7$	The internal consistency of the scale is acceptable.
$0,5 \leq \alpha < 0,6$	The internal consistency of the scale is weak.
$\alpha \leq 0,5$	The scale has no internal consistency.

Source: Sürücü, L. & Maslakçı, A., *ibid*, p 2714.

The next table depicted the Cronbach's Coefficient of this study

Table N 3.12: Tests of Reliability Statistics (Alpha coefficient method)

Scale	Cronbach's Alpha	N of Items	comment
Corporate Governance	0.72	34	Reliable
Organizational Development	0.78	51	Reliable

Source: adapted from study data

According to the above test results a value of (0.72) for the CG variable and (0.78) for the OD variable is considered good and reliable. The checks and balances in this regard are appropriate to produce results that are reliable and generalizable.

⇒ Normality of Data:

One of the common practices in statistic and data analysis is to find out if a data sample originated from a normally-distributed population.¹²⁴ The standard normal distribution is the most important continuous probability distribution has a bell-shaped density curve described by its mean and SD and extreme values in the data set have no significant impact on the mean value. If a continuous data is follow normal distribution then 68.2%, 95.4%, and 99.7% observations are lie between ± 1 SD, ± 2 SD, and ± 3 SD, respectively.¹²⁵

¹²² Sürücü, L. & Maslakçı, A., *ibid*, p 2713.

¹²³ Sürücü, L. & Maslakçı, A., *ibid*, p 2714.

¹²⁴ Hatem, Georges; Zeidan, Joe; Goossens, Mathijs; and Moreira, Carla (2022) "NORMALITY TESTING METHODS AND THE IMPORTANCE OF SKEWNESS AND KURTOSIS IN STATISTICAL ANALYSIS," *BAU Journal - Science and Technology*: Vol. 3: Iss. 2, Article 7, p1.

¹²⁵ Mishra, *et al.*: Descriptive statistics and normality tests, *Annals of Cardiac Anaesthesia*, Volume 22, Issue 1, January-March 2019, p 70.

CHAPTER THREE : EMPIRICAL STUDY

Among methods, applied for checking the normality of a designated data set is Histogram, boxplot or probability-probability (P-P) plots. ¹²⁶

The normality tests are supplementary to the graphical assessment of normality. The main tests for the assessment of normality are Kolmogorov-Smirnov (K-S) test, Lilliefors corrected K-S test, Shapiro-Wilk test, Anderson-Darling test, Cramer-von Mises test, D'Agostino skewness test, Anscombe-Glynn kurtosis test, D'Agostino-Pearson omnibus test, and the Jarque-Bera test.

The K-S test is an empirical distribution function (EDF) in which the theoretical cumulative distribution function of the test distribution is contrasted with the EDF of the data. A limitation of the K-S test is its high sensitivity to extreme values; the Lilliefors correction renders this test less conservative. However, the Shapiro-Wilk test is based on the correlation between the data and the corresponding normal scores and provides better power than the K-S test even after the Lilliefors correction. ¹²⁷

The next table show tests of Normality for this study

Table N 3.13: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Ligeslative and Legal Framework	0.32	50	0.0	0.70	50	0.00
Board Responsibilities	0.19	50	0.0	0.94	50	0.01
Shareholders Right	0.27	50	0.0	0.85	50	0.00
Internal Audit	0.27	50	0.0	0.83	50	0.00
External Audit	0.31	50	0.0	0.82	50	0.00
Stakeholder Role	0.26	50	0.0	0.86	50	0.00
Disclosure & Transparency	0.29	50	0.0	0.82	50	0.00
Strategic Development	0.14	50	0.01	0.95	50	0.05
Structural Development	0.22	50	0.0	0.93	50	0.01
Human Development	0.22	50	0.0	0.91	50	0.00
Human Resources Management	0.20	50	0.0	0.92	50	0.00
Corporate Governance	0.19	50	0.0	0.97	50	0.21
Organizational Development	0.11	50	0.19	0.98	50	0.39

Source: Adapted from study data

¹²⁶ Hatem et al, *ibid*, p 1.

¹²⁷ Ghasemi A, Zahediasl S, Normality Tests for Statistical Analysis: A Guide for Non-Statisticians, *Int J Endocrinol Metab*, volume 10, issue 2, 2012, P 487.

CHAPTER THREE : EMPIRICAL STUDY

Through Table No 3.13, which shows the normality of the data of the variables under study, in which we relied on the significance values of the (Kolmogorov-Smirnov and Shapiro-Wilk) for large samples (greater than 30), we find that the significance values of all variables are less than the significance level adopted in the study (0.05), which indicates that the data are not distributed normally, this violates one of the conditions for regression analysis in ordinary least squares (OLS), so we adopt Weighted Least Squares regression.

⇒ **Data Analysis:**

Qualitative data analysis was a search for general statements about relationships and underlying themes. Data analysis usually included reducing accumulated data to a manageable size, developing summaries, and looking for patterns. In qualitative studies, data collection and analysis were congruent as the researcher built a consistent interpretation. According to Marshall and Rossman (2016), each phase of data analysis entailed data reduction and interpretation. Data reduction involved breaking down the collected data into manageable chunks of data. Data interpretation involved bringing meaning and insight to the words and acts of the participants of the study.¹²⁸

I followed the data analysis method described by Yin (2011), which includes: (a) compiling the data, (b) disassembling the data, (c) reassembling the data, (d) interpreting the data, and (e) drawing conclusions. I conducted a data analysis using the participant responses from the questionnaire and company documents about CG and OD provided by the participants.¹²⁹

I used a questionnaire technique via face to face conversation and e-mails, with the management level participants. Questionnaires were administered to the respondents by the researcher and five friends especially in the central states. The total of 58 questionnaires in all was distributed to the respondents at enterprises located in western area, Algeria. The total of 33 questionnaires targeting all sections of the research items was distributed to respondents at the management level of enterprises located in central states. Drop and pick method of collecting data via questionnaire was adopted. The choice of this method is to allow the respondents with utmost latitude to attend to the questionnaires, and this method has been used to anchor data collection in previous studies. Data collection took a period of three months, and subsequently, data collected were sorted, coded and analysed.

I collected CG strategies and Organizational Development strategies already documented to help strengthen the data collected from the questionnaire. The use of documentation has four advantages: (a) documents can repeatedly be reviewed, (b) historical documents were not created as a result of the study, (c) documents may include specific details and references to an event, and (d) historical documents can cover a long span of time.

Then, I used Microsoft Excel to label and categorize the data collected based on participants. The data included participant identifiers, participant demographic information, communication records, and other information. I created a Microsoft Excel workbook for entire participant's data and saved the workbook on a USB drive with password protection. I assigned each participant an alphanumeric

¹²⁸ Joseph Linton, *Strategies to Support Survivors of Corporate Downsizing*, Doctoral Study Submitted in Partial Fulfillment of the Requirements for the Degree of Doctor of Business Administration, Walden University, 2017, p 56

¹²⁹ A dress DeSean Walker, *ibid*, p 55.

CHAPTER THREE : EMPIRICAL STUDY

code per his or her organization. The code will consist of two letters Organization (O) and participant (P) and a number. For example, O1-P1 represents organization number one, participant number one.

Thereafter, the overall data collected, coded, edited, and organized were analyzed using descriptive and inferential statistics, and this was done with the aid of Statistical Packages for Social Sciences (SPSS).

Descriptive statistics was computed to determine the mean score, standard deviations, percentages, and sum of each item so as to express the attributes of the constructs of interest in this study. As a precursor to explanation, descriptive statistics advanced the basis for additional analysis on data. The extent of the correlation between the underlying constructs and the relationships hypothesised in this study were established using inferential statistics via simple regression analysis. The various hypotheses of this study were investigated at 95% level of confidence.¹³⁰

The proposed model was tested with the aid of regression analysis technique, and therefore using this technique there are some certain assumptions that must be met in order to address the various forms of biased estimates that might occur during the course of the analysis. The researcher considered it significant to undertake diagnostics analysis that covered the tests for adequacy of sampling, validity, reliability, and normality.¹³¹

3.4 Research Findings and Discussion:

This section provides results and discussion of data analysis and consists of four parts as follows:

- ⇒ General information about study sample includes respondents' biographic information and Enterprises general information.
- ⇒ Corporate Governance mechanisms such as legislative and legal framework, board responsibilities, shareholders rights, internal audit, external audit, stakeholder role, disclosure & transparency.
- ⇒ Organizational Development interventions such as strategic development, structural development, human development, human resources management.
- ⇒ Regression between Corporate Governance and Organizational Development.
- ⇒ Hypothesis testing.

3.4.1 General Information of Study Sample:

⇒ Respondents' Biographic Information:

The profiles of the respondents that participated in this study were analysed descriptively in relation to sex, age, work experience, level of education, and together with status and field. The descriptive data were analysed and the results were arranged and presented in the next table.

¹³⁰ BSCA IDOWU OWOEYE, *ibid*, p 72.

¹³¹ BSCA IDOWU OWOEYE, *ibid*, p 73.

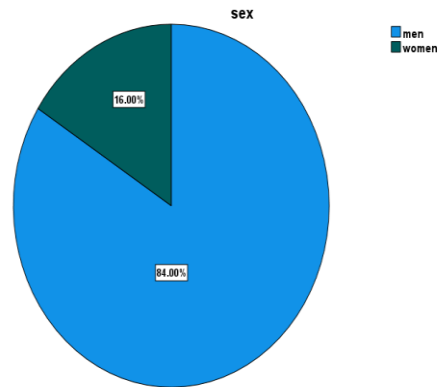
CHAPTER THREE : EMPERICAL STUDY

Sex:

Table N 3.14: Sample distribution by sex

Sex	N	%
men	42	84.0%
women	8	16.0%

Figure N 3.3: Sample distribution by sex



Source: adapted from study data

Source: spss 29

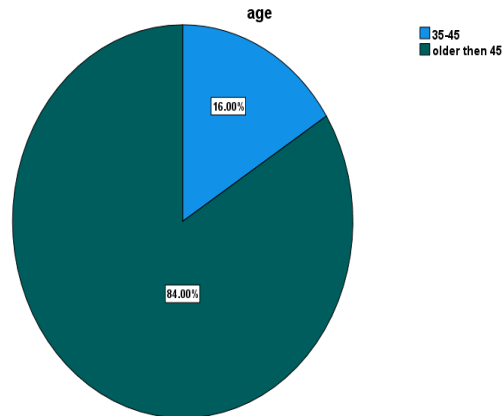
As presented in table 3.14, the respondents are fairly distributed across gender, with the majority of the respondents were male at 84% and female at 16%. The difference in the distribution of male to female respondents supported the general believe that male personalities were more recruited into management department than their female counterparts were.

Age:

Table N 3.15: Sample distribution by age

Age	N	%
35-45	8	16.0%
Older then 45	42	84.0%

Figure N 3.5: Sample distribution by age



Source: adapted from study data

Source: spss 29

The age distribution of the respondents showed that 16% of the respondents were aged between 35-45 years, and 84% accounted for age between 45 and above. The age distribution showed that most of the respondents are over 45 years old because the positions they occupy are obtained because of promotion and not through direct employment, the employee has to work a certain number of years to become a manager or auditor.

Status:

The status distribution of the respondents showed that 64% of the respondents occupied post of CEO, and 24% accounted for status of Internal Auditor, and 12% were Board Member. A number of studies

CHAPTER THREE : EMPERICAL STUDY

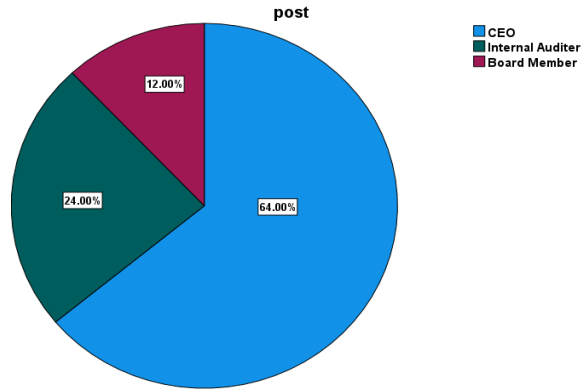
in CG and OD literature asserted that attention should be more focused on employees at macro level when a researcher is investigating CG or OD practices.

Table N 3.16: Sample distribution by status

Post	N	%
CEO	32	64.0%
Internal Auditor	12	24.0%
Board Member	6	12.0%

Source: adapted from study data

Figure N 3.6: Sample distribution by status



Source: spss 29

Level of education:

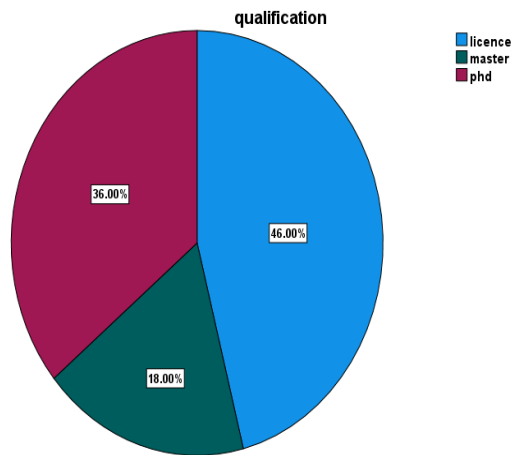
The respondents are more educated as the distribution in terms of the level of education showed that 36% had degrees PHD in tertiary institutions, and 18% of them had second degrees respectively. The respondents with bachelor degrees accounted for 46% of the total respondents, and this supported the policy of minimum entry qualification into public enterprises with a holder of bachelor Certificate.

Table N 3.17: Sample distribution by qualification

qualification	N	%
Bachelor	23	46.0%
master	9	18.0%
PHD	18	36.0%

Source: spss 29

Figure N 3.7: Sample distribution by qualification



Source: adapted from study data

Field:

The study sample is normally distributed. As shown in (figure) 18% of study sample were qualified in management field, 14% of them were qualified in finance field, 22% of them were qualified in accounting field, 16% of them were qualified in economics field, 30% of them were qualified in other

CHAPTER THREE : EMPERICAL STUDY

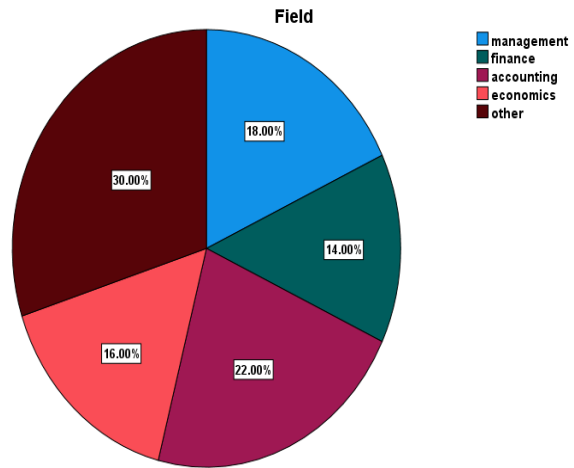
fields. We noticed that major of study sample were accountants because most of CEO's are promoted from accountants to managers.

Table N 3.18: Sample distribution by field

Field	N	%
management	9	18.0%
finance	7	14.0%
Accounting	11	22.0%
Economics	8	16.0%
Other	15	30.0%

Source: adapted from study data

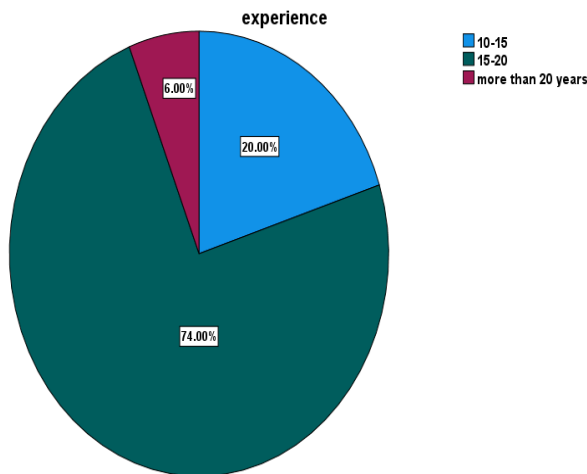
Figure N 3.8: Sample distribution by field



Source: spss 29

Work Experience:

Figure N 3.9: Sample distribution work experience



Source: spss 29

Table N 3.19: Sample distribution by work experience

Experience	N	%
10-15	10	20.0%
15-20	37	74.0%
more than 20 years	3	6.0%

Source: adapted from study data

The distribution of work experience showed that 6% of the respondents had spent 20 years and more in their enterprises, 74% had experienced 15-20 years of service, 20% had 10- 15 years of work experience. This distribution shows that majority of the respondents were more experienced because the positions they occupy are obtained as a result of promotion and not through direct employment, the employee has to work a certain number of years to become a manager or auditor.

CHAPTER THREE : EMPIRICAL STUDY

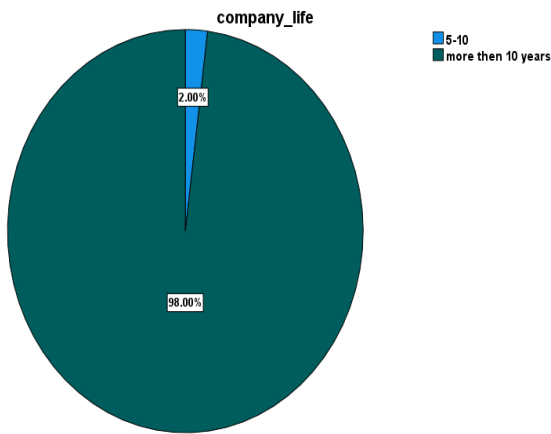
⇒ General Information of Enterprise:

This part presents general information about the sample that are public economic companies. The general information reveals company's age and employee's numbers. This data is analyzed by percentage.

Company's age:

The majority of the study simple as we noticed from the graph and the table are more aged because all of them are public enterprises.

Figure N 3.10: Sample distribution by life



Source: spss 29

Table N 3.20 : Sample distribution by life

Company life	N	%
5-10	1	2.0%
more than 10 years	49	98.0%

Source: adapted from study data

Employee's numbers:

Figure N 3.11: Sample distribution by work force

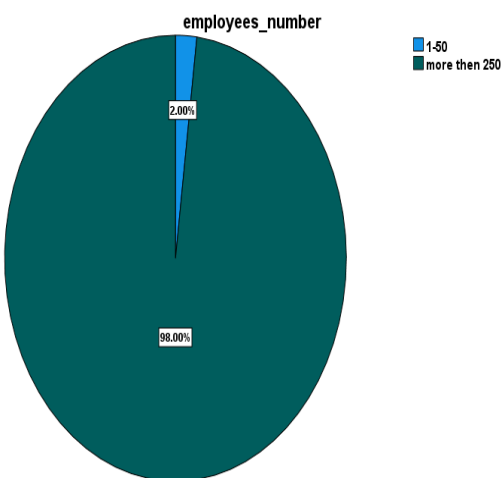


Table N 3.21: Sample distribution by work force

Employee's number	N	%
1-50	1	2.0%
more than 250	49	98.0%

CHAPTER THREE : EMPIRICAL STUDY

This graph represents the staffing ratio of the companies per share that I have studied: 2% of enterprises each have between 1-50 employees, 98% are companies whose staff are more than 250 employees.

These two characteristics show that we have targeted important companies where the control mechanism, which is the board of directors, plays a key role.

3.4.2 Descriptive Statistics of Corporate Governance variable:

The descriptive analysis for the variable of Corporate Governance of this study is discussed in this part. This study variable include: legislative and legal framework, board responsibilities, shareholders rights, internal audit, external audit, stakeholders role, transparency and disclosure. In this part, I will analyses each part of the questionnaire leaning on the arithmetic median, standard deviation, and coefficient of variation

⇒ **Legislative and legal framework:**

Table N 3.22 : legislative and legal framework

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Stock Market	no	46	92%	1.12	0.33	0.293	2
	yes	4	8%				
Laws	no	4	8%	1.92	0.27	0.143	1
	yes	46	92%				
Governance Chart	no	29	58%	1.42	0.50	0.351	3
	yes	21	42%				
Global score				1.49	0.40	0.268	

Source: adapted from study data

The results in the table related to the answers of the legal and legislative framework, indicate that governance practices in Algeria are mainly controlled by laws, this is confirmed by the first rank obtained by the question related to the role of laws in establishing governance principles, where the mean of the question was estimated at 1.92 with standard deviation equal to 0.27. The second rank was for the stock exchange with medium of 1.12 with standard deviation equal to 0.33, because the role of the stock market in the Algerian economic is almost non-existent, as its laws only apply to listed companies, Furthermore, the number of these companies does not exceed 10 companies. The third rank was for governance charter with medium of 1.42 with standard deviation equal to 0.50 because the adoption of the charter is not mandatory. These results were similar to results found by (ضويفي حمزة 2015)

CHAPTER THREE : EMPERICAL STUDY

⇒ **Board responsibilities:**

Table N 3.23 : Board Responsibilities

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Labor strategies	no	11	22%	1.78	0.42	0.235	2
	yes	39	78%				
Safety of finance information	no	16	32%	1.68	0.47	0.28	4
	yes	34	68%				
View laws and instructions	no	18	36%	1.64	0.49	0.296	5
	yes	32	64%				
Divorce of management from control	no	20	40%	1.6	0.49	0.309	7
	yes	30	60%				
Divorce of management from ownership	no	29	58%	1.42	0.50	0.351	8
	yes	21	42%				
Good reputation of board members	no	1	2%	1.98	0.14	0.07	1
	yes	49	98%				
Qualification of board members	no	19	38%	1.62	0.49	0.303	6
	yes	31	62%				
Board meeting	no	13	26%	1.74	0.44	0.255	3
	yes	37	74%				
Global score				1.68	0.16	0.095	

Source: adapted from study data

The results in the table number 4.23 refer that the arithmetic median of the questions of the second part of Corporate Governance mechanisms board responsibilities is equal to (1.98) (1.78) (1.74) (1.68) (1.64) (1.62) (1.60) (1.42) with a standard deviation equal to (0.14) (0.42) (0.44) (0.47) (0.49) (0.49) (0.49) (0.50) respectively. We note through the table above that Algerian enterprises attach great importance to the reputation of their board members, so the question related to good reputation occupied the first rank. Among the most important functions of the board of directors in the enterprises of the study sample are respectively: the development of general strategies for work, the establishment of periodic meetings, ensuring the integrity of financial statements and access to all

CHAPTER THREE : EMPERICAL STUDY

laws and internal work procedures of the institution. This is logical because the Algerian legislation stressed the formation of a board of directors whose task is to monitor the work of the administration, in addition to the specifications and board conditions (Legislative Decree No. 93-08 of 25 April 1993, Ordinance No. 96-27 of 9 December 1996 from article 610 to article 641). As for the scientific qualification of the members of the board of directors, it is not important when selecting them, as for the separation between management and control and the separation between management and ownership; they are not applied in Algerian institutions due to the concentration of ownership. These results were similar to results found by (يرقي و عمر 2012) (سالمي و عزي 2017)، (ضويحي حمزة 2015)، (حمادي نبيل 2012)، (صالح و مايو 2016)

⇒ **Shareholders Rights:**

Table N 3.24 : Shareholders Rights

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Participation in meetings and voting right	no	2	4%	1.96	0.20	0.101	1
	yes	48	96%				
proposing the meeting agenda and canceling the Board decisions	no	16	32%	1.68	0.47	0.28	2
	yes	34	68%				
Approval of the compensation of Board members and Executive Directors	no	28	56%	1.44	0.50	0.348	5
	yes	22	44%				
Protecting minority shareholders from majority shareholder control	no	42	84%	1.16	0.37	0.319	4
	yes	8	16%				
minority shareholders participate in the nomination or board members	no	43	86%	1.14	0.35	0.307	3
	yes	7	14%				
Global score				1.48	0.35	0.236	

Source: adapted from study data

The results in the table number 4.24 refer that the arithmetic median of the questions of the third part of Corporate Governance mechanisms shareholders rights is equal to (1.96) (1.68) (1.14) (1.16) (1.44) with a standard deviation equal to (0.20) (0.47) (0.35) (0.37) (0.50) respectively. We note from the

CHAPTER THREE : EMPIRICAL STUDY

above table that the Algerian companies' shareholders enjoy all their rights, such as participation in the General Assembly meeting, as well as the proposal of the agenda, the voting right, nomination of Board members, this is logical because these rights are stipulated in Articles 674 to 685 (Legislative Decree No. 93-08 of 25 April 1993). Regarding the protection of minority shareholders, Algerian law provides for justice among shareholders in voting right in Articles 603 and 684 (Legislative Decree No. 93-08 of 25 April 1993), Article 715 also confirmed that all shares enjoy the same rights and duties in the company, but this law did not specify the right to vote. However, this law does not specify the procedures to be taken when majority shareholders exploit minority shareholders. The last rank was for the right of approving the compensation of the board members because Algerian law grants this right to the supervisory board (Article 647 of Legislative Decree No. 93-08 of 25 April 1993).

These results were similar to results found by (يرقي و عمر 2012), (ضويحي حمزة 2015), and differ to results found by (بوزيدي و شنوفي 2019) the researchers concluded that there is no similar treatment of shareholders, especially when it comes to disclosing important information.

⇒ **Internal Audit:**

Table N 3.25 : Internal Audit

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Internal Control Department	no	19	36%	1.63	0.48	0.296	2
	yes	31	62%				
External Auditor Selection	no	38	76%	1.24	0.43	0.348	3
	yes	12	24%				
External Auditor's Control	no	14	28%	1.72	0.45	0.264	1
	yes	36	72%				
Global score				1.53	0.25	0.163	

Source: adapted from study data

The results in the table number 4.25 refer that the arithmetic median of the questions of the fourth part of Corporate Governance mechanisms internal audit is equal to (1.72) (1.63) (1.24) with a standard deviation equal to (0.45) (0.48) (0.43) respectively. We note from the above table that Algerian institutions attach great importance to internal audit, as a large percentage of the enterprises in the study sample have special departments for internal audit that undertake the task of internal control. According to the table above, and in order to achieve the efficiency of control, this department is not allowed to choose the external auditor. These results were similar to results found by (حمادي نبيل) (2015), (ضويحي حمزة 2015), (صالح و مايو 2016), (2012), (سالمي و عزي 2017), and differ to results found by (بن زاوي 2018) the researcher concluded that there is no similar treatment of shareholders, especially when it comes to disclosing important information. The enterprises under the study sample do not

CHAPTER THREE : EMPIRICAL STUDY

pay attention to internal audit, they do not have an internal audit department and they do not have an internal audit committee.

⇒ **External Audit:**

Table N 3.26 : External Audit

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
The Board appoints external Auditor.	no	5	10%	1.9	0.30	0.157	2
	yes	45	90%				
Selecting external auditor with long experience	no	23	46%	1.54	0.50	0.324	3
	yes	27	54%				
playing a financial or administrative role	no	1	2%	1.98	0.14	0.07	1
	yes	49	98%				
Report on corporate governance	no	26	52%	1.48	0.50	0.337	4
	yes	24	48%				
Global score				1.72	0.25	0.145	

Source: adapted from study data

The results in the table number 4.26 refer that the arithmetic median of the questions of the fifth part of Corporate Governance mechanisms external audit is equal to (1.98) (1.9) (1.54) (1.48) with a standard deviation equal to (0.14) (0.30) (0.50) (1.50) respectively. We note from the above table that the Algerian external auditors abide by the obligations set for them by Algerian law, such as not playing any financial or administrative role in the institutions to which they submit the audit. However, Algerian enterprises chooses non-experienced external auditors, but based on other considerations. Anyway, the Algerian authorities have a set of bodies in place to control the external audit such as *Accounting National Council*. These results were similar to results found by (حمادي نبيل) (2012).

⇒ **Stakeholders Role:**

Table N 3.27: Stakeholders Role

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Periodic meetings with employees	no	17	34%	1.66	0.48	0.288	4
	yes	33	66%				

CHAPTER THREE : EMPIRICAL STUDY

Providing information to stakeholders	no	20	40%	1.6	0.49	0.309	5
	yes	30	60%				
Bankruptcy Protection	no	50	100%	2	0.00	0	1
	yes	0	00%				
Supporting environmental issues	no	17	34%	1.66	0.48	0.288	4
	yes	33	66%				
Compensation for damages resulting from mismanagement	no	5	10%	1.9	0.30	0.16	2
	yes	45	90%				
Receiving complaints from stakeholders	no	12	24%	1.76	0.43	0.245	3
	yes	38	76%				
Global score				1.76	0.16	0.09	

Source: adapted from study data

The results in the table number 4.27 refer that the arithmetic median of the questions of the sixth part of Corporate Governance mechanisms stakeholders rights is equal to (2) (1.9) (1.76) (1.66) (1.66) (1.6) with a standard deviation equal to (0.00) (0.30) (0.43) (0.48) (0.48) (1.49) respectively. We note from the above table that Algerian enterprises attach great importance to stakeholders. This rights guaranteed by Article 673 (Legislative Decree No 93-08 of 25 April 1993). Where enterprises are keen to assume their responsibilities if the company goes bankrupt, the Board members are obligated according to Article 673 (Legislative Decree No. 93-08 of 25 April 1993) for the company's debts, while Article 715 (Legislative Decree No. 93-08 of 25 April 1993) guarantees the protection of stakeholders from mismanagement. Regarding the complaints system, it is more prevalent in service companies, which represents approximately 70 of the study sample. These results were similar to results found by (بوزيدي و شنوفي 2019) (يرقي و عمر 2012), (ضويفي حمزة 2015)

CHAPTER THREE : EMPIRICAL STUDY

⇒ **Transparency and disclosure:**

Table N 3.28 : Transparency and disclosure

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Publishing the composition of the Board and ownership structure	no	12	24.00%	1.76	0.43	0.245	3
	yes	38	76.00%				
Publishing Board and Governance Reports	no	43	86.00%	1.14	0.35	0.307	5
	yes	7	14.00%				
publishing its reports on the commercial register	no	50	100.00%	2	0	0	1
	yes	0	00%				
Publishing its reports on the stock exchange	no	46	92.00%	1.08	0.27	0.254	4
	yes	4	8.00%				
The company has websites which is used to publishing	no	2	4.00%	1.96	0.20	0.101	2
	yes	48	96.00%				
	Global score			1.59	0.45	0.283	

Source: adapted from study data

The results in the table number 4.28 refer that the arithmetic median of the questions of the seventh part of Corporate Governance mechanisms transparency and disclosure is equal to (2) (1.96) (1.76) (1.08) (1.14) with a standard deviation equal to (0.00) (0.20) (0.43) (0.27) (0.35) respectively. We note from the above table that Algerian enterprises do not abide by the disclosure conditions except as imposed on them by the state. Algerian law obliges enterprises to publish the board composition and ownership structure on their accounts on the commercial register platform. Algerian law imposes enterprises to prepare financial statements annually, these statements must reflect a correct and accurate picture of the financial position of the company, the information must be meets credible and transparent (Article 10, 25 and 26 of Law 11/07). However, the law does not specify who is concerned with disclosure, as the state requires enterprises to disclose information only to government bodies. We also note that most of the enterprises in the study sample have websites that they use to publish their information and activities, but do not publish their financial information on these websites. Disclosure on the stock exchange is very weak, this is evident in the absence of clear legal texts regulating the publishing of information related to companies, publishing is limited only for closing accounts, listed companies are not committed to publishing board' report and governance report.

CHAPTER THREE : EMPIRICAL STUDY

These results were similar to results found by (ضويحي حمزة 2015) and differ to results found by (بن بوزيدي و شنوفي 2019)، (حمادي نبيل 2012)، ، (سالمي و عزي 2017) (بالهادي عبد القادر) (يرقي و زاوي 2018) (عمر 2012)

⇒ **Corporate Governance mechanisms in Algerian companies:**

Table N 3.29 : Corporate Governance mechanisms in Algerian companies

Mechanism	Mean	Standard Deviation	Coefficient of Variation	rank
Legislative and Legal framework	1.53	0.25	0.163	4
Board Responsibilities	1.68	0.16	0.095	2
Shareholders Rights	1.48	0.35	0.236	5
Internal Audit	1.53	0.25	0.163	4
External Audit	1.72	0.25	0.145	3
Stakeholders Role	1.76	0.16	0.09	1
Transparency and Disclosure	1.59	0.45	0.283	6

Source: adapted from study data

The results in the table number 3.29 refer that the arithmetic median of the Corporate Governance mechanisms is equal to (1.76) (1.68) (1.72) (1.53) (1.53) (1.48) (1.59) with a standard deviation equal to (0.16) (0.16) (0.25) (0.25) (0.25) (0.35) (0.45) respectively. We note through the table above that the most important corporate governance mechanisms practiced by the enterprises of the study sample are respectively: stakeholders' role, board responsibilities, external audit, and internal audit. This is logical because the Algerian legislation stressed to practice these principles through the laws mentioned in the previous part. As for the rest of the principles, they have not been applied sufficiently because Algerian legislation has not established a legal framework for them. These results were differ to results found by (بن بوزيدي و شنوفي 2019) (يرقي و عمر 2012) (ضويحي حمزة 2015) (Fellag and Zerrouki 2017)

3.4.3 Descriptive Statistics of Organizational Development variable:

The descriptive analysis for the variable of Organizational Development of this study is discussed in this part. This study variable include Strategic Development, Structural Development, Human Development, and Human Resources Management. In this part, I will analyse each part of the questionnaire leaning on the arithmetic median, standard deviation, and coefficient of variation.

⇒ **Strategic Development:**

Table N 3.30: Company modification

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Evaluation of company's general policy	no	16	32%	1.68	0.47	0.28	2
	yes	34	68%				

CHAPTER THREE : EMPERICAL STUDY

Modification of this policy during the last ten years	no	11	22%	1.78	0.42	0.235	1
	yes	39	78%				
Global or partial modification	no	24	48%	1.52	0.50	0.332	3
	yes	26	52%				
Simplicity of work procedure	no	11	22%	1.78	0.42	0.235	1
	yes	39	78%				

Source: adapted from study data

The results in Table 4.31 indicate that the mean of the adjustment questions is equal to (1.78), (1.78), (1.68) (1.52) with a standard deviation equal to (0.42), (0.42), (0.47) (0.50) respectively. We can see from the table above that approximately 70% of the study sample acknowledge that the general policy of their enterprises has become good due to the modifications made by their enterprises, as 80 of the enterprises of the study sample made modifications to the general policy during the past ten years (according to the respondents' answers). According to the table above half of these modifications was global change, the rest was partial change. These modifications positively affected the work procedures; this result that confirmed by the percentages of the fourth question on work procedures, the answers of the respondents showed that nearly 80 percent of the enterprises of the study sample have simple work procedures. These results were similar to results found by (عماري و كاكى 2014) and differ to results found by (معمر قوادري 2020)

Table N 3.31 : Acceptance of Development

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Notification before applying these modification	no	33	66%	1.34	0.48	35.7	
	yes	17	34%				
Clearness of modifications objectives	no	33	66%	1.34	0.48	35.7	
	yes	17	34%				

Source: adapted from study data

The results in the table number 4.31 refer that the arithmetic median of the two questions concerning acceptance of development is equal to (1.34) (1.34) with a standard deviation equal to (0.48) (0.48) respectively. According to the table above, most of the respondents were not informed of the modifications made by their enterprises, because most of these modifications were not clear to them. When the researcher asked them about these amendments, they replied that most of them were related to amending laws, work procedures and updating the technology used, all these modifications are applied without consulting the workers because the enterprises of the study sample is all government enterprises.

CHAPTER THREE : EMPIRICAL STUDY

Table N 3.32: Objectives of Development

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Communication system strategy	no	22	44%	1.56	0.50	0.321	1
	yes	28	56%				
Marketing strategy	no	22	44%	1.56	0.50	0.321	1
	yes	28	56%				
HRM strategy	no	25	50%	1.5	0.51	0.337	2
	yes	25	50%				
Investment strategy	no	39	78%	1.22	0.42	0.343	3
	yes	11	22%				

Source: adapted from study data

The results in the table number 4.32 refer that the arithmetic median of the development objectives is equal to (1.56) (1.56) (1.22) (1.50) with a standard deviation equal to (0.32) (0.32) (0.33) (0.34) respectively. We note through the table above that the enterprises under study are primarily interested in developing the telecommunications strategy through the digitization of these enterprises (the main concern of the Algerian government during the past twenty years), the development of communication systems and the development of used technology. We also note that these enterprises pay great attention to the development of the marketing strategy because most of the enterprises under study are service companies, where this type of institutions puts marketing strategy among their priorities due to the nature of their activity. The enterprises of the study sample are not interested in developing the human resources strategy and investment strategy, as the respondents believe that the development of human resources depends largely on increasing wages periodically and reducing responsibilities, this contradicts the Algerian enterprises system. These results were differ to results found by (عالية جواد و سيف الدين 2013)

Table N 3.33 : Organizational values

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Cooperation and teamwork Values	no	19	38%	1.62	0.49	0.303	2
	yes	31	62%				
Authority value	no	16	32%	1.68	0.47	0.28	1
	yes	34	68%				
Excellence value	no	36	72%	1.28	0.45	0.354	4
	yes	14	28%				
Responsibility and Loyalty value	no	29	58%	1.42	0.50	0.351	3
	yes	21	42%				

Source: adapted from study data

The results in the table number 4.33 refer that the arithmetic median of organizational is equal to (1.68) (1.62) (1.42) (1.28) with a standard deviation equal to (0.28) (0.30) (0.35) (0.35) respectively. We note through the above table that most of the workers of the enterprises under study seek authority to increase privileges, increase wages, and raise social status. One of the organizational values that is

CHAPTER THREE : EMPERICAL STUDY

also widespread within these enterprises is the value of cooperation; the Algerian worker likes to be in a team in order to share activities with them. The values of excellence and loyalty are not widespread in Algerian enterprises because the worker will not take any compensation for excellence, so obtaining a promotion is either by experience or through tests. The Algerian worker does not feel belonging to his institution because he does not own shares in it. These results were differ to results found by (العريط و قيرة 2017).

These results show that Algerian enterprises are interested in developing themselves, whether this development is superficial or radical. Organizational Development is done through a strong organizational culture that derives its strength from the common organizational values among workers (the value of seeking authority), these values spread through work teams (the value of cooperation).

⇒ **Techno structural Development:**

Table N 3.34: Organizational Design

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Authority delegation	no	33	66.00%	1.34	0.48	0.357	5
	yes	17	34.00%				
Overlapping powers and responsibilities	no	15	30.00%	1.7	0.46	0.272	3
	yes	35	70.00%				
Precise division of labor	no	14	28.00%	1.72	0.45	0.264	2
	yes	36	72.00%				
Centralization of power and decision	no	17	34.00%	1.66	0.48	0.288	4
	yes	33	66.00%				
Cooperation and coordination between managers	no	11	22.00%	1.78	0.42	0.235	1
	yes	39	78.00%				
Clarity of lines and boundaries of authority	no	14	28.00%	1.72	0.45	0.264	2
	yes	36	72.00%				

Source: adapted from study data

The results in the table number 4.34 refer that the arithmetic median of the Organizational Design is equal to (1.78) (1.72) (1.72) (1.70) (1.66) (1.34) with a standard deviation equal to (0.42) (0.45) (0.45) (0.46) (0.48) (0.48) respectively. We note through the table above that the most important features of the organizational structures of the enterprises under study is the clarity of power lines and boundaries, the precise division of labor. This is normal because these enterprises adopt functional

CHAPTER THREE : EMPERICAL STUDY

structures in which power flows hierarchically and employ specialized workers who are easy to lead and influence, especially when the organization intends to carry out the development process. Most of the study sample are large government enterprises that dominate the Algerian market and therefore adopt a functional structure that suits semi-stable environments. On the other hand, we find that coordination between sub-departments is great because these enterprises create situational work teams whose task is to solve problems and re-dismantle them later, this flexibility of the organizational structure allows for company development.

These results were similar to results found by (عماري و كافي 2014) (مفتاح و زبلج 2021) and differ to results found by (معمر قوادري 2020) (عالية جواد و سيف الدين 2013)

Table N 4.35: Organizational Structure Modifications

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Creation of new organizational units	no	29	58.00%	1.42	0.50	0.351	
	yes	21	42.00%				
Merge organizational units with others	no	33	66.00%	1.34	0.48	0.357	
	yes	17	34.00%				
Enlargement of organizational units	no	26	52.00%	1.48	0.50	0.341	
	yes	24	48.00%				

Source: adapted from study data

The results in the table number 4.35 refer that the arithmetic median of the Organizational Structure modifications is equal to (1.48) (1.42) (1.34) with a standard deviation equal to (0.50) (0.50) (0.48) respectively. We note through the table above that most of the enterprises under study did not make any modification in the organizational structure, 21 enterprises created new organizational units, 17 enterprises merged existing organizational units, and 24 enterprises enlarged their organizational units because of the recruitment carried out by the government in 2022. Most of the respondents only mentioned the modifications made by their enterprises during the last ten years depending on the second question of strategic development and did not mention the modifications applied before.

These results were similar to results found by (معمر قوادري 2020) and differ to results found by (صوطة و العقبى 2019)

Table N 3.36 : Authorities and Responsibilities

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Clarity of Power Distribution	no	15	30.00%	1.7	0.46	0.272	3
	yes	35	70.00%				
Compatibility between worker	no	8	16.00%	1.84	0.37	0.201	2
	yes	42	84.00%				

CHAPTER THREE : EMPIRICAL STUDY

capabilities and powers							
Direct Supervision	no	50	100.00%	2	0.00	0	1
	yes	0	0.00%				
Indirect Supervision	no	25	50.00%	1.5	0.51	0.337	4
	yes	25	50.00%				
Delegation of Authorities by Director to Workers	no	36	72.00%	1.28	0.45	0.354	5
	yes	14	28.00%				

Source: adapted from study data

The results in the table number 4 refer that the arithmetic median of the Organizational Design is equal to (1.78) (1.72) (1.72) (1.70) (1.66) (1.34) with a standard deviation equal to (0.42) (0.45) (0.45) (0.46) (0.48) (0.48) respectively.

We notice from the table above that all the respondents directly supervise the workers and half of them supervise directly and indirectly because most of the study sample is managers. We also note from the table that the capabilities of the respondents correspond to the responsibilities and authorities of their positions because all respondents have experience (80 percent of the respondents have been working for more than 15 years) and scientific qualifications (all respondents have university degrees in economic disciplines). The powers and responsibilities are clearly defined; these results confirm the results of the first table. When asked about the delegation, the respondents replied that they sometimes delegate part of their powers on vacations or during training periods outside Algeria.

These results were differ to results found by (عالية جواد و سيف الدين 2013) (صوطة و العقبى 2019)

Table N 3.37: Communications

Question		N	%	Mean	Standard Deviation	Coefficient of Variation	rank
Vertical Communication	no	8	16.00%	1.84	0.37	0.201	1
	yes	42	84.00%				
Horizontal Communication	no	13	26.00%	1.74	0.44	0.255	2
	yes	37	74.00%				

Source: adapted from study data

The results in the table number 4 refer that the arithmetic median of Communications is equal to (1.84) (1.74) with a standard deviation equal to (0.44) (0.37) respectively.

We can see from the above table that Algerian enterprises pay great attention to organizational communications, as 84% of them are spread by vertical communications and 74% are spread by horizontal communications. Vertical communications is usually to ensure the best work ethic for employees of every level, so senior official communicates respectfully with the employees for whom

CHAPTER THREE : EMPIRICAL STUDY

they responsible. Horizontal communication helps to obtain better information to dissolve resistance against change. These results were similar to results found by (مفتاح و زبلج 2021) (هيشور محمد 2017)

Table N 3.38: Total Quality Management

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Get a Quality Certificate	no	18	36.00%	1.64	0.48	0.296	
	yes	32	64.00%				

Source: adapted from study data

The results in the table number 4.38 refer that the arithmetic median of Total Quality Management is equal to (1.64) with a standard deviation equal to (0.48). We note from the table that Algerian institutions are interested in improving quality, as most institutions have established a quality system that has been awarded a quality certificate.

Table N 3.39: Technological development

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Get a New Technology	no	11	22.00%	1.78	0.42	0.235	
	yes	39	78.00%				

Source: adapted from study data

The results in the table number 4.39 refer that the arithmetic median of Technological development is equal to (1.78) with a standard deviation equal to (0.42). We note through the table above that

We note through the table that Algerian enterprises are interested in technological development, as most of them have acquired during the recent period modern technology machines, these machines have enabled the development of production and raising quality.

These results were similar to results found by (هيشور محمد (مفتاح و زبلج 2021) (صوطة و العقبى 2019) (عماري و كاي 2014) and differ to results found by (عالية جواد و سيف الدين 2013) (2017)

⇒ **Human Development:**

Table N 3.40: Human Development

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Organizational Climate	no	21	42.00%	1.58	0.50	0.316	5
	yes	29	58.00%				
Improving Organizational Climate	no	37	74.00%	1.26	0.44	0.352	7
	yes	13	26.00%				
	no	9	18.00%	1.82	0.39	0.213	3

CHAPTER THREE : EMPERICAL STUDY

Opportunities for promotion and career advancement	yes	41	82.00%				
Involving in decision-making	no	1	2.00%	1.98	0.14	0.07	2
	yes	49	98.00%				
Because of your union membership.	no	41	82.00%	1.18	0.39	0.329	6
	yes	9	18.00%				
Because of your job position	no	50	100.00%	2	0	0	1
	yes	0	0.00%				
Proportion between powers and status	no	12	24.00%	1.76	0.43	0.245	4
	yes	38	76.00%				

Source: adapted from study data

The results in the table number 4 refer that the arithmetic median of the Organizational Design is equal to (2) (1.98) (1.82) (1.76) (1.58) (1.18) (1.26) with a standard deviation equal to (00) (0.14) (0.39) (0.43) (0.50) (0.39) (0.44) respectively.

We note from the above table that the enterprises subject to the study sample are interested in empowering their workers by involving them in decision-making and promoting them, as all respondents participate in decision-making in their enterprises because of their high positions obtained through promotion, and they enjoy many powers commensurate with the positions they occupy. On the other hand, these enterprises are not interested in improving the organizational climate, they are only interested in the material aspect, as the respondents confirmed that the work atmosphere is routine due to the inability to rotate jobs, however, this climate does not bother them because they do not feel belonging to the enterprises in which they work.

These results were similar to results found by (هيشور محمد 2017) and differ to results found by (مفتاح و زيلج 2021)

⇒ **Human Resources Management:**

Table N 3.41: Training Programs

Question		N	%	Mean	Standard Deviation	Coefficient of Variation	rank
Training Courses	no	2	4.00%	1.96	0.20	0.101	1
	yes	48	96.00%				
Inside Company	no	23	46.00%	1.54	0.50	0.327	5
	yes	27	54.00%				
Using DATASHOW Technology.	no	23	46.00%	1.54	0.50	0.327	5
	yes	27	54.00%				
Training	no	19	38.00%	1.62	0.49	0.303	4
	yes	31	62.00%				
The training courses on media and communication.	no	14	28.00%	1.72	0.45	0.264	3
	yes	36	72.00%				

CHAPTER THREE : EMPERICAL STUDY

improving career level	no	8	16.00%	1.84	0.37	0.201	2
	yes	42	84.00%				

Source: adapted from study data

The results in the table number 4.41 refer that the arithmetic median of the Training Programs is equal to (1.96) (1.84) (1.72) (1.62) (1.54) (1.54) with a standard deviation equal to (0.20) (0.37) (0.45) (0.49) (0.50) (0.50) respectively. We note from the above table that the enterprises under study are interested in developing the capabilities of their workers and organize training courses where the Labor Law forces enterprises to form their workers and raise their professional competence (Articles 57 to 60 of the Labor Law). These courses are distributed between internal training and external training, most of which are on the practical side with a focus on raising the skill of using means of communication.

These results were similar to results found by (صوطة و العقبى 2019) (مفتاح و زبلج 2021) and differ to results found by (عالية جواد و سيف الدين 2013)

Table N 3.42 : Career Planning and Development

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Feed Back	no	19	38.00%	1.62	0.49	0.303	1
	yes	31	62.00%				
Improving the competencies and developing capabilities	no	26	52.00%	1.48	0.50	0.341	2
	yes	24	48.00%				

Source: adapted from study data

The results in the table number 4.42 refer that the arithmetic median of Career Planning and Development is equal to (1.62) (1.48) with a standard deviation equal to (0.49) (0.50) respectively.

We can see from the above table that a large percentage of the enterprises subject to the study sample resort to adopting feedback for the results of their performance evaluation, where each supervisor undertakes the process of evaluating the performance of their workers. This evaluation is divided into a periodic evaluation and annual evaluation. Periodic evaluation takes place every 3 months, includes three marks related to: the quantitative value mark means the quantity of work submitted by the worker. The quality mark for the quality of the tasks provided by him, and the third mark is granted by the direct supervisor of the evaluation process because of his follow-up of the worker. The annual evaluation is a general assessment that includes the general level of the worker and the extent to which he has acquired new skills, this score determines whether the worker will receive a bonus or not. After that, the worker is informed of this evaluation to know how to evaluate him.

On the other hand, we see that these enterprises do not pay much attention to the development of the competencies of their workers. The respondents believe that they do not benefit from the training courses programmed by their enterprises, and believe that the training courses are not organized and do not target the concerned group as they are programmed for personal goals.

CHAPTER THREE : EMPERICAL STUDY

Table N 3.43: Organizational Stress Management

Question	N		%	Mean	Standard Deviation	Coefficient of Variation	rank
Collaboration	no	18	36.00%	1.64	0.48	0.296	2
	yes	32	64.00%				
Neutrality	no	28	56.00%	1.44	0.50	0.348	4
	yes	22	44.00%				
Avoidance	no	4	8.00%	1.92	0.27	0.143	1
	yes	46	92.00%				
Settlement between parties	no	42	84.00%	1.16	0.37	0.319	3
	yes	8	16.00%				

Source: adapted from study data

The results in the table number 4 refer that the arithmetic median of Organizational Stress Management is equal to (1.92) (1.64) (1.16) (1.44) with a standard deviation equal to (0.27) (0.48) (0.37) (0.50) respectively.

We note from the above table, that the enterprises under study depend on the method of avoidance to solve work problems, because most of these problems are routine problems that occur constantly, so the management does not pay attention to them and leave the responsibility for solving them to workers, which explains the adoption of the cooperation method in the second place. The management itself through the method of control solves complex problems. These results were similar to results found by (عماري و كاي 2014) and differ to results found by (طعم الله و بلهواش 2020)

⇒ **Organizational Development in Algerian companies:**

Table N 3.44: Organizational Development in Algerian companies

Intervention	Mean	Standard Deviation	Coefficient of Variation	rank
Strategic Development	1.52	0.18	0.118	1
Technostructural Development	1.64	0.20	0.121	2
Human Development	1.65	0.33	0.2	4
Human Resources Development	1.62	0.22	0.135	3

Source: adapted from study data

The results in the table number 4.44 refer that the arithmetic median of the Organizational Development is equal to (1.52) (1.64) (1.62) (1.65) with a standard deviation equal to (0.18) (0.20) (0.22) (0.33) respectively.

We note from the above table that the enterprises under study are working to develop themselves, whether at the strategic or structural level, but they does not give the human side the same importance.

CHAPTER THREE : EMPIRICAL STUDY

It also provides a suitable environment for development as it has a strong organizational culture and flexible structure.

These results were similar to results found by (بندر بن بصيص 2020) (هيشور محمد 2017) and differ to results found by (صوطة و العقبى 2019) (معمر قوادي 2020)

3.4 .4 Regression between Corporate Governance and Organizational Development:

To measure the impact of Corporate Governance on Organizational Development in Algerian Public Companies, using simple regression method (Simple Regression) located in the SPSS program; the results shown in the following tables were obtained:

Table N 3.45: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.42 ^a	0.17	0.16	5.24

Source: adapted from study data

Table N 3.46: Regression analysis of variance table (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	278.02	1	278.02	10.13	0.00 ^b
	Residual	1317.36	48	27.44		
	Total	1595.38	49			

Source: adapted from study data

Table N 3.47: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	29.83	16.35		1.82	0.07
	Corporate Governance	0.94	0.29	0.42	3.18	0.00

Source: adapted from study data

As shown in Table, the adjusted R-squared is 0.16 and this means that the independent variables jointly explained 16% variation in the outcome variables while the rest is explained by the error term. The R² and Adjusted R² appeared to be reasonably low, however, such low values are associated with primary data and there is no cause for alarm provided the F score is statistically significant. The F score is 10.13 with the p-value of 0.00 implies that the regression model fitted the data and it was

CHAPTER THREE : EMPERICAL STUDY

statistically significant. The t-statistics for all the predicting variables is significant at $p < 0,05$, The t score or statistics and the p value can be adequately and reliably employed to test the significant of the coefficients of this regression model. The results, as shown in Tables, indicate that Corporate Governance significantly affected Organizational Development.

The outputs in Table resulted to the below regression equation: $Y = 29.83 + 0.94 X$

Y: Organizational Development **OD** **X:** Corporate Governance **CG** $OD = 29.83 + 0.94 CG$

The model for estimated regression established that Corporate Governance was statistically significant at $\beta = 0.94$, $t = 3.18$, $p = 0.00$, and therefore the conditions for mediation have been met since the relationship between Corporate Governance and Organizational Development in Public Algerian Companies is significant at 95% level of confidence. The model also revealed that the Organizational Development yielded 29.83 when applying Corporate Governance into constant. In addition, a unit increase in Corporate Governance yielded an increase in Organizational Development by 0.94.

These results are consistent with the results reached in the theoretical study, as the application of governance mechanisms leads to changing the company's structure in accordance with the external environment. This transformation allows the development of the company.

These results were similar to results found by (بندر بن بصيص 2020)

3.4.5 Hypothesis Testing

After collecting, muzzling and presenting the data of the study and analyzing it, a major step comes to discuss the results of the analysis reached in light of the hypotheses, with the aim of reaching an answer based on which the validity of the proposed hypotheses can be judged and the final result is presented. Simple regression statistics was utilized to test empirically the various relationships hypothesised in this study. The hypothesised relationships was tested at 95% level of significance and this served as a statistical basis for drawing conclusion.

⇒ First Hypothesis

Corporate Governance has an impact on Strategic Development in Algerian Public Companies.

It tested the effect of Corporate Governance on Strategic Development in Algerian Public Companies, using simple regression method (Simple Regression) located in the SPSS program, has been getting the results shown in the following tables:

Table N 3.48: Model Summary (first hypothesis)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.37 ^a	0.13	0.12	1.25

Source: adapted from study data

The data of Table (4.48) indicates that the correlation coefficient has reached a value of (0.37), which confirms the existence of a weak positive relationship between governance (independent variable)

CHAPTER THREE : EMPIRICAL STUDY

and strategic development (dependent variable). As the coefficient of determination reached (0.13) which indicates that the model explains (13%) of the variance, meaning (13%) of the impact that occurs in strategic development is attributed to governance mechanisms in the enterprise, and the rest (87%) is due to other factors affecting strategic development.

Table N 3.49: Regression analysis of variance table (ANOVA) (first hypothesis)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.65	1	11.65	7.41	0.01 ^c
	Residual	75.46	48	1.57		
	Total	87.11	49			

Source: adapted from study data

The data of table No. (4.49) shows the validity of the model, where the value of (F = 7.41) with the level of significance (0.01), which is less than the level of significance adopted in the study (0.05), so it is statistically significant, and therefore can judge the validity of the model to test the hypothesis.

Table N 3.50: Coefficients (first hypothesis)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.90-	8.14		0.11-	0.91
	Corporate Governance	0.40	0.15	0.37	2.72	0.01

Source: adapted from study data

The results in Table (3.50) show the non-standard regression coefficients of the variables (constant, variable), where their coefficients reached respectively (-0.90, 0.40) with a standard error of (8.14, 0.15) respectively, in addition to the standard coefficients of (0.37), with the significance level (0.01), which is statistically significant at the significance level (0.05).

These results were similar to results found by (Brunning et al 2007)

⇒ **Second Hypothesis**

Corporate Governance has an impact on Technostructural Development in Algerian Public Companies.

It tested the effect of Corporate Governance on Technostructural Development in Algeria Public Companies, using simple regression method (Simple Regression) located in the SPSS program, has been getting the results shown in the following tables:

CHAPTER THREE : EMPIRICAL STUDY

Table N 3.51: Model Summary (first hypothesis)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.23 ^a	0.06	0.04	1.21

Source: adapted from study data

The data of Table (4.51) obtained indicate that the correlation coefficient has reached a value of (0.23), which confirms the existence of a weak positive relationship between governance (independent variable) and structural development (dependent variable). As the coefficient of determination reached (0.06) which indicates that the model explains only (6%) of the variance, meaning (6%) of the impact that occurs in structural development is attributed to governance mechanisms in the enterprise, and the rest (94%) is due to other factors affecting structural development.

Table N 3.52: Regression analysis of variance table (ANOVA) (second hypothesis)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.67	1	4.67	3.17	1.08 ^c
	Residual	70.74	48	1.47		
	Total	75.41	49			

Source: adapted from study data

The data of Table No. (4.52) shows the validity of the model, where the value of (F = 3.17) with the level of significance (1.08), which is greater than the level of significance adopted in the study (0.05), so it is not statistically significant, and therefore it can be judged that the model is not valid to test the hypothesis.

Table N 3.53: Coefficients (second hypothesis)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.10	7.64		2.11	0.04
	Corporate Governance	0.24	0.14	0.25	1.78	0.08

Source: adapted from study data

The results in Table (4.53) show the non-standard regression coefficients of the variables (constant, variable), where their coefficients reached respectively (16.10, 0.24) with a standard error of (7.64,

CHAPTER THREE : EMPIRICAL STUDY

0.14) respectively, in addition to the standard coefficients of (0.25), with the significance level (0.08), which are not statistically significant at the significance level.(0.05)

⇒ **Third Hypothesis**

Corporate Governance has an impact on Human Development in Algerian Public Companies

It tested the effect of Corporate Governance on Human Development in Algerian Public Companies, using simple regression method (Simple Regression) located in the SPSS program, has been getting the results shown in the following tables:

Table N 3.54: Model Summary (third hypothesis)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.15 ^a	0.02	0.00	1.28

Source: adapted from study data

The data of Table (4.54) indicate that the correlation coefficient has reached a value of (0.15), which confirms the existence of a very weak positive relationship between governance (independent variable) and human development (dependent variable). As the coefficient of determination reached its value (0.02) which indicates that the model explains only (2%) of the variation, meaning (2%) of the impact that occurs in human development is attributed to governance mechanisms in the enterprise, and the rest (98%) is due to other factors affecting human development.

Table N 3.55: Regression analysis of variance table (ANOVA) (third hypothesis)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.84	1	1.84	1.11	0.30 ^c
	Residual	79.27	48	1.65		
	Total	81.11	49			

Source: adapted from study data

The data of Table No. (4.55), shows the validity of the model, where the value of (F = 1.11) with the level of significance (0.30), which is greater than the level of significance adopted in the study (0.05), meaning that it is not statistically significant, , and therefore it can be judged that the model is not valid to test the hypothesis.

CHAPTER THREE : EMPIRICAL STUDY

Table N 3.56: Coefficients (Third hypothesis)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.01	3.41		2.35	0.02
	Corporate Governance	0.06	0.06	0.15	1.05	0.30

Source: adapted from study data

The results in Table (4.56) show the non-standard regression coefficients of the variables (constant, variable), where their coefficients reached respectively (8.01, 0.06) with a standard error of (3.41, 0.06) respectively, in addition to the standard coefficients of (0.15), with the significance level (0.30), which are not statistically significant at the significance level (0.05).

These results were similar to results found by (نور الأفرع 2017)

⇒ **Fourth Hypothesis**

Corporate Governance has an impact on Human Resources Development in Algerian Public Companies

It tested the effect of Corporate Governance on Human Resources Management in Algerian Public Companies, using simple regression method (Simple Regression) located in the SPSS program, has been getting the results shown in the following tables:

Table N 3.57: Model Summary (Fourth hypothesis)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.33 ^a	0.11	0.09	1.27

Source: adapted from study data

The data of Table (4.57) indicate that the correlation coefficient has reached a value of (0.33), which confirms the existence of a weak positive relationship between governance (independent variable) and human resources management (dependent variable). As the coefficient of determination reached (0.11) which indicates that the model explains (11%) of the variance, meaning (11%) of the impact that occurs in human resource management is attributed to governance mechanisms in the enterprise, and the rest (89%) is due to other factors affecting human resource management.

CHAPTER THREE : EMPERICAL STUDY

Table N 3.58: Regression analysis of variance table (ANOVA) (fourth hypothesis)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.73	1	9.73	6.01	0.02 ^c
	Residual	77.76	48	1.62		
	Total	87.50	49			

Source: adapted from study data

The data of Table No. (4.58) indicates the validity of the model, where the value of (F = 6.01) with the level of significance (0.02), which is less than the level of significance adopted in the study (0.05), which is statistically significant, and therefore can judge the validity of the model to test the hypothesis.

Table N 3.59: Coefficients (Fourth hypothesis)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.06	4.32		2.10	0.04
	Corporate Governance	0.19	0.08	0.33	2.45	0.02

Source: adapted from study data

The results shown in Table (4.59) show the non-standard regression coefficients of the variables (constant, variable), where their coefficients were respectively (9.06, 0.19) with a standard error of (4.32, 0.08) respectively, in addition to the standard coefficients of (0.33), with the significance level (0.02), which is statistically significant at the significance level.(0.05)

These results were similar to results found by **(Ibrahim and Zulkafli 2016)**

CHAPTER THREE : EMPIRICAL STUDY

Table N 3.60: Results of hypothesis testing

Hypothesis NO	Description	Result
1	Corporate Governance has an impact on Strategic Development in Algerian Public Companies	Accepted
2	Corporate Governance has an impact on Technostructural Development in Algerian Public Companies	Rejected
3	Corporate Governance has an impact on Human Development in Algerian Public Companies	Rejected
4	Corporate Governance has an impact on Human Resources Management in Algerian Public Companies	Accepted

Source: adapted by researcher

CHAPTER THREE : EMPIRICAL STUDY

3.5 Summary:

In this chapter, the empirical study was addressed, where the first section presented the reality of corporate governance in Algerian companies, and the problems that prevent the adoption of these two concepts were discussed. In the second section, the study methodology and the various tests that I conducted through the pilot study were discussed in order to verify the validity of the study tool. In the third section, the results reached were presented, analyzed and discussed, and the hypotheses of the study were tested.

CONCLUSION

Conclusion

To remain competitive and adapt to market fluctuations, organizations must engage in continuous development; those that fail to evolve risk obsolescence. Central to this developmental process is human capital, which serves as both the driving force and the outcome of organizational progress. Human resources are tasked with managing and operating the organization, positioning them as key agents of development. The process of organizational enhancement encompasses initiatives at all levels: it may involve strategic shifts, cultural improvements, structural reorganization, or workforce development, all tailored to meet the evolving demands of the market.

For human resources to drive organizational change, they must function within a structured environment governed by a clear set of regulations, where procedures are transparent, responsibilities are explicitly defined, rights are safeguarded, and obligations are recognized. This structured environment is established through a governance framework that Algeria began to implement after the collapse of its banking sector, which was triggered by the bankruptcy of several banks at that time. In the late 20th century and early 21st century, Algeria initiated reforms in its institutional management, shifting from a state-controlled model to one that allowed for self-management, thereby granting institutions greater autonomy. While this increased freedom initially facilitated development, the approach lacked adequate planning, resulting in a crisis. As a result, Algeria has been updating the laws governing its enterprises, in recent years, and continues to address challenges that hinder progress.

The current study reveals that Algerian institutions function within a governance framework that, while not sufficiently robust, is generally acceptable, resulting in improvements across multiple levels. These advancements have facilitated organizational development; however, a critical reassessment is required, as there remains an inadequate separation between oversight and management. Furthermore, there is a need to reinforce the legal framework to enhance trust between enterprises and various stakeholders.

Additionally, the Algerian government should maintain its support for organizational development by offering essential privileges and incentives, promoting technological advancement, eliminating detrimental bureaucracy, and increasing investment in human resources.

CONCLUSION

Study Results:

The data from the current study did not satisfy the criteria for parametric statistical analysis, as it failed to pass the essential tests associated with this type of analysis. This indicates that non-parametric statistical methods may be employed to test the study hypotheses.

Algerian enterprises partially adopt corporate governance principles; however, there are notable deficiencies in certain recommendations. For example, the principle regarding board responsibilities advocates for a clear separation between management and oversight, yet many Algerian institutions do not implement this effectively. Moreover, these enterprises do not adequately safeguard the rights of all shareholders, often distinguishing between majority and minority shareholders, and they frequently fail to comply with all disclosure requirements.

There is variation among Algerian enterprises in their approach to organizational development. Each enterprises seeks to enhance itself through one of four methods: some have improved their strategies, others have refined their structures, and some have focused on developing their human resources. Nonetheless, it is clear that all enterprises acknowledge the necessity of development and strive for improvement.

Algerian enterprises tend to prioritize strategic and structural approaches to organizational development over human-centered strategies, as they do not invest in human resources to the same extent as they do in strategic and structural initiatives.

These enterprises exhibit a robust organizational culture characterized by values of cooperation and competition, which provide opportunities for career advancement. Additionally, they feature flexible organizational structures with effective communication channels.

Algerian enterprises emphasize enhancing employee skills through training, which often occurs outside the organization. Despite this focus, Algerian employees may not fully appreciate these efforts, as they often perceive development primarily in financial terms.

A significant positive relationship exists between governance and strategic development, as well as between governance and human resource management. However, no significant relationship was identified between governance and structural development, nor between governance and human development in the institutions surveyed.

Based on the statistical findings, the first and fourth hypotheses were accepted, while the second and third hypotheses were rejected. There is a strong positive relationship with statistical significance between governance and organizational development.

CONCLUSION

Study Recommendations:

It is essential to conduct research studies across diverse organizations focused on organizational development to identify the critical factors and elements that contribute to organizational success, as well as to delineate the primary obstacles encountered in achieving effectiveness.

The composition of board members within Algerian enterprises should be enhanced by selecting individuals based on their competence and independence.

Boards should intensify their attention to governance-related functions, such as comprehending and evaluating strategic plans, monitoring performance, and assuming responsibilities, while leveraging the information at their disposal to promote the development of Algerian enterprises.

The establishment of subcommittees within the board, including an audit committee, nominations committee, and governance committee, is recommended to facilitate more effective oversight.

Algerian enterprises should be encouraged to augment the volume and nature of the information they disclose, ensuring that all relevant stakeholders have equitable access to this information in a consistent manner.

It is imperative to enforce a clear distinction between oversight and management within Algerian enterprises, as this separation significantly influences performance development.

Governance laws should be strengthened and further developed, particularly those pertaining to shareholder rights, board responsibilities, and disclosure requirements.

Positive organizational values should be actively promoted, recognizing the critical role that organizational culture plays as a significant indicator of developmental progress.

Training initiatives should be prioritized, particularly internal training, as they are generally more cost-effective than external training programs.

Finally, investment in human capital is crucial, with an emphasis on prioritizing human resources and creating opportunities for development, as they are fundamental drivers of organizational advancement.

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APPENDIX

Appendix 1: Questionnaire

الاستبيان باللغة العربية:

جامعة مصطفى اسطمبولي – معسكر –

كلية العلوم الاقتصادية، التجارية وعلوم التسيير

استبيان حول أثر تطبيق آليات حوكمة الشركات على التطوير التنظيمي في المؤسسات الجزائرية

نرجو من سيادتكم التعاون معنا لإتمام أطروحة الدكتوراه تحت عنوان: الحوكمة و تطوير الأداء في المؤسسات الاقتصادية الجزائرية، من إعداد الطالبة قشرة فاطمة الزهراء. حيث أنّ هذا الاستبيان موجه إلى المدراء الرئيسيين أو أعضاء مجلس الإدارة أو المساهمين أو المدققين في المؤسسات الجزائرية، للتعرف على أثر تطبيق آليات حوكمة الشركات على التطوير التنظيمي في المؤسسات الجزائرية .ونعلمكم أنّ جميع المعلومات المقدّمة سوف تستخدم لغرض البحث العلمي فقط.

الرجاء من سيادتكم وضع علامة x في مكان الإجابة المناسب :

الجنس:	ذكر	<input type="checkbox"/>	أنثى	<input type="checkbox"/>						
العمر:	أقل من 25 سنة.	<input type="checkbox"/>	من 25 إلى 35	<input type="checkbox"/>	من 35 إلى 45	<input type="checkbox"/>	أكثر من 45 سنة	<input type="checkbox"/>		
المنصب الوظيفي:	المدير التنفيذي العام	<input type="checkbox"/>	مدير التدقيق الداخلي.	<input type="checkbox"/>						
	مدقق خارجي.	<input type="checkbox"/>	عضو في مجلس الإدارة.	<input type="checkbox"/>						
المؤهل العلمي:	ثانوي	<input type="checkbox"/>	ليسانس	<input type="checkbox"/>	ماستر	<input type="checkbox"/>	دكتوراه	<input type="checkbox"/>	غير ذلك	<input type="checkbox"/>
التخصص العلمي:	إدارة أعمال	<input type="checkbox"/>	إدارة مالية	<input type="checkbox"/>	محاسبة	<input type="checkbox"/>	اقتصاد	<input type="checkbox"/>	غير ذلك	<input type="checkbox"/>
الخبرة العلمية:	أقل من 5 سنوات	<input type="checkbox"/>	من 5 إلى 10 سنوات	<input type="checkbox"/>	من 10 إلى 15 سنة	<input type="checkbox"/>	من 15 إلى 20 سنة	<input type="checkbox"/>	أكثر من 20 سنة	<input type="checkbox"/>
ملكية الشركة:	عامة	<input type="checkbox"/>	خاصة	<input type="checkbox"/>	مختلطة	<input type="checkbox"/>				
عمر الشركة:	أقل من 5 سنوات	<input type="checkbox"/>	من 5 إلى 10 سنوات	<input type="checkbox"/>	أكثر من 10 سنوات	<input type="checkbox"/>				
عدد العاملين بالشركة:	أقل من 50 عامل	<input type="checkbox"/>	من 50 إلى 100	<input type="checkbox"/>	أكثر من 100 عامل	<input type="checkbox"/>				

حوكمة الشركات:

الرقم	العبارة	نعم	لا
	الاطار العام القانوني والتشريعي		
	الجهة المنوطة بها مسؤولية الاشراف و نشر التوعية و الرقابة على الشركات فيما يتعلق بحوكمة الشركات هي البورصة		

		هناك وحدات إدارية يعهد إليها مسؤولية رقابة الشركات فيما يتعلق بحوكمة الشركات
		يتم تنظيم حوكمة الشركات في الجزائر عن طريق مجموعة من القوانين (القانون التجاري، القانون المالي)
		يتم تنظيم حوكمة الشركات في الجزائر عن طريق ميثاق الحكم الراشد
مسؤوليات مجلس الإدارة		
		يضع المجلس استراتيجيات العمل، الأهداف والسياسات العامة و يتولى تعيين المدير العام و المسؤولين الرئيسيين و المساعدين، الخبراء و الاستشاريين
		يتابع المجلس سلامة البيانات المالية الصادرة عن المؤسسة و أنها تعبر بوضوح عن عدالة المركز المالي
		يتم اطلاع أعضاء المجلس على كافة القوانين والتعليمات الأساسية التي تنظم عمل المؤسسة و يتحقق من سلامة تطبيقها، بالإضافة إلى انعقاده بشكل دوري و وفقا لضروريات العمل
		وجود فصل بين رئاسة المجلس و الإدارة التنفيذية
		يتكون مجلس الإدارة من مدراء من داخل الشركة
		يتكون مجلس الإدارة من المساهمين
		أعضاء مجلس الإدارة من ذوي السمعة الحسنة، لم يسبق لهم بارتكاب جرائم، ليس منهم من أشهر إفلاسه و لم يتسببوا في الحاق خسائر بشركات أخرى
		يتوفر في أعضاء مجلس الإدارة التأهيل العلمي و العملي في التسيير، المالية، المحاسبة و الاقتصاد
		يجتمع مجلس الإدارة مرتين على الأقل في السنة
		ينتخب مجلس الإدارة كل ثلاث سنوات
		يقوم المجلس بتشكيل اللجان التي تضمن تسيير أعمال المؤسسة ك لجنة التدقيق، لجنة إدارة المخاطر، لجنة المكافآت و التعويضات، لجنة الحوكمة
حقوق المساهمين		
		يتم تسجيل و نقل ملكية الأسهم وفق أساليب آمنة
		تكفل المؤسسة حق المساهمين في حضور اجتماعات الجمعية العامة و ممارسة حقهم في التصويت و الاستفسار من المدقق الخارجي
		يمكن للمساهم أن يوكل شخص آخر للاشتراك في اجتماعات الهيئة العامة
		يملك المساهمون حق وضع بنود جدول أعمال الهيئة العامة و إلغاء قرارات مجلس الإدارة
		تخضع سياسة مكافآت أعضاء مجلس الإدارة و المديرين التنفيذيين و نظام التعويضات الخاص بهم لموافقة المساهمين
		توجد آليات تمكن المساهمين من التشاور فيما بينهم فيما يخص استثماراتهم
		تلتزم المؤسسة بالمعاملة العادلة لجميع المساهمين و عدم تسريب معلومات لبعضهم دون غيرهم
		توجد حماية لصغار المساهمين و لديهم الوسائل الفاعلة لتعويضهم عن سوء استعمال السلطة من قبل المساهمين المسيطرين
		يشارك صغار المساهمين في ترشيح أو تزكية أعضاء مجلس الإدارة في اجتماع الجمعية العامة
التدقيق الداخلي		
		يوجد ضمن هيكل المؤسسة قسم تعهد إليه مهمة الرقابة الداخلية
		لهذا القسم الحق في اختيار المدقق الخارجي
		يوجد فصل بين أعضاء مجلس الإدارة و أعضاء قسم التدقيق الداخلي

		يخضع عمل قسم التدقيق الداخلي لرقابة المدقق الخارجي
		التدقيق الخارجي
		يتم تعيين مراجع الحسابات الخارجي من طرف مجلس الإدارة
		يتم تعيين مراجع الحسابات الخارجي من طرف الجمعية العامة
		يتم اختيار مراجع الحسابات ذو الخبرة الطويلة
		يمنع المراجع الخارجي وأقاربه من لعب دور مالي أو اداري في المؤسسة
		يلتزم المراجع الخارجي بتقديم تقرير عن مدى التزام الشركة بمبادئ الحوكمة
		دور أصحاب المصالح
		تحرص المؤسسة على عقد اجتماعات دورية مع موظفي وإدارة المؤسسة من أجل أخذ آرائهم ومناقشة مقترحاتهم لتحسين الأداء
		يزود أصحاب المصالح بمعلومات عن القرارات التي تهمهم في الوقت المناسب
		يمكن لأصحاب المصالح إيصال اهتماماتهم حول ممارسات الإدارة غير القانونية الى مجلس الإدارة
		تطبق المؤسسة إجراءات فعالة للحماية من الإفلاس والوفاء بحقوق الدائنين
		تشارك المؤسسة في دعم القضايا البيئية و تنمية المجتمع
		تلتزم المؤسسة بوضع كافة الإجراءات التي تكفل حقوق أصحاب المصالح في التعويض عن أضرار تنتج عن سوء الإدارة
		تلتزم المؤسسة بوضع آليات لاستقبال شكاوي أصحاب المصالح
		الإفصاح و الشفافية
		تلتزم الإدارة العليا بنشر تقرير سنوي يتضمن معلومات مالية وغير مالية عن المؤسسة
		تلتزم الإدارة العليا بنشر تشكيل مجلس الإدارة و هيكل الملكية
		تلتزم الإدارة العليا بنشر تقرير مجلس الإدارة و تقرير الحوكمة
		تلتزم المؤسسة بنشر تقاريرها في السجل التجاري
		تلتزم المؤسسة بنشر تقاريرها في البورصة
		للمؤسسة مواقع الكترونية تستعملها في النشر
		تفصح المؤسسة عن تعاملاتها مع الأطراف ذات العلاقة : أعضاء مجلس الإدارة، المؤسسات الحليفة ، المدقق الخارجي.... الخ

التطوير التنظيمي :

الرقم	العبارة
	التطوير الاستراتيجي
	هل ترى السياسة العامة للشركة في تسيير العمل جيدة
	طراً تعديل على هذه السياسة خلال العشر السنوات الأخيرة
	تم اعلامك بهذه التعديلات قبل تطبيقها
	أهداف هذه التعديلات واضحة بالنسبة اليك
	التعديلات التي قامت بها المؤسسة شاملة
	التعديلات التي قامت بها المؤسسة جزئية

		التعديلات التي قامت بها المؤسسة مكنت من تحسين إستراتيجية نظم الاتصالات الأفقية والعمودية وكذا وسائل الاعلام و الاتصال
		التعديلات التي قامت بها المؤسسة مكنت من تحسين الإستراتيجية التسويقية
		التعديلات التي قامت بها المؤسسة انصبت على إستراتيجية تسيير الموارد البشرية
		التعديلات التي قامت بها المؤسسة مكنت من تحسين إستراتيجية الاستثمار
		التعديلات التي قامت بها المؤسسة مكنت من تحسين إجراءات العمل و القانون الداخلي
		إجراءات إنجاز العمل داخل المؤسسة بسيطة
		تشجع المؤسسة قيم الانضباط و الالتزام في العمل
		تشجع المؤسسة قيم التعاون و روح العمل الجماعي
		تشجع المؤسسة قيم السعي إلى امتلاك السلطة
		تشجع المؤسسة قيم التفوق و التميز في العمل
		تشجع المؤسسة قيم المسؤولية و الولاء للمؤسسة
		التطوير الهيكلي و التكنولوجي
		يتميز الهيكل التنظيمي بمرونة في تفويض السلطات و الصلاحيات
		يتميز الهيكل التنظيمي بتداخل السلطات و الصلاحيات و المسؤوليات
		يتميز الهيكل التنظيمي بتخصص و تقسيم دقيق في العمل
		يتميز الهيكل التنظيمي بمركزية شديدة في امتلاك السلطة
		يتميز الهيكل التنظيمي بوضوح خطوط التعاون والتنسيق بين الرؤساء في المستويات الإشرافية
		يتميز الهيكل التنظيمي بوضوح خطوط تدفق السلطة وحدودها
		طراً تحسين على الهيكل التنظيمي خلال مدة عملك
		خلال مدة عملك تم استحداث وحدات تنظيمية جديدة
		خلال مدة عملك تم إلغاء وحدات تنظيمية قائمة
		خلال مدة عملك تم دمج وحدات تنظيمية مع أخرى
		خلال مدة عملك تم توسيع وحدات تنظيمية قائمة
		ترى خطوط تدفق السلطة وحدودها واضحة
		حجم المهام الموكلة إليك تتناسب مع قدراتك
		تقوم خلال عملك بإشراف مباشر
		تقوم خلال عملك بإشراف غير مباشر
		خلال عملك لا تقوم بأي إشراف
		تلجأ الإدارة دائماً لتفويض الصلاحيات وسلطات اتخاذ القرار
		تعتمد المؤسسة تفعيل قنوات الاتصال الرأسية بين الرؤساء و المرؤوسين
		تعتمد المؤسسة تفعيل قنوات الاتصال الأفقية بين الرؤساء في نفس المستوى
		تعتمد المؤسسة تفعيل قنوات الاتصال في جميع الاتجاهات
		تحصلت المؤسسة على شهادة جودة خلال سنوات عملك
		أدخلت المؤسسة تكنولوجيا جديدة حسنت من جودة المنتجات و ظروف العمل بشكل عام
		التطوير البشري

		جو العمل جو تعاوني و مشجع يسوده التفاعل و تبادل الأراء
		جو العمل جو مكهرب يسوده الصراع
		توجد فرق للجودة داخل مؤسستكم
		تهتم الإدارة بتحسين جو العمل بين أعضاء الفريق
		تمتلك الإدارة سلطة اتخاذ القرار بالكامل
		هناك فرص للترقية و التقدم الوظيفي داخل مؤسستكم
		يتم إشراكك في صنع القرارات و تقديم مقترحات متعلقة بالعمل
		يتم إشراكك في صنع القرارات و تقديم مقترحات متعلقة بالعمل بسبب عضويتك في لجان المشاركة
		يتم إشراكك في صنع القرارات و تقديم مقترحات متعلقة بالعمل بسبب عضويتك في النقابة
		حجم الصلاحيات المرتبطة بوظيفتك متناسب معها
		إدارة الموارد البشرية
		خلال مسيرتك المهنية سبق و أن خضعت لدورات تكوينية
		تم تكوينك داخل المؤسسة
		تم تكوينك خارج المؤسسة
		اعتمدت الدورات التكوينية التي خضعت لها على محاضرات باستخدام وسائل تقنية DATASHOW
		الدورات التكوينية التي خضعت لها كانت عبارة عن تدريب ميداني
		الدورات التكوينية التي خضعت لها كانت عن وسائل الاعلام و الاتصال
		الدورات التكوينية التي خضعت لها كانت عن نظم العمل
		الدورات التكوينية التي خضعت لها ساهمت في تحسين مستواك الوظيفي
		تعتمد الإدارة على التغذية العكسية Feed Back في تقييم الأداء
		تعمل الإدارة على تحسين كفاءات إطاراتها وتنمية قدراتهم بصفة مستمرة
		عندما تصادفكم مشكلة مرتبطة بالعمل يتم حلها بقرار(حل) فردي من إدارة المؤسسة
		عندما تصادفكم مشكلة مرتبطة بالعمل يتم حلها بمناقشة العاملين للمشكلة مع الإدارة وتقديم مقترحات الحل المناسب
		عندما تصادفكم مشكلة مرتبطة بالعمل يتم حلها بشكل جماعي داخل القسم دون تدخل الإدارة
		عندما تصادفكم مشكلة مرتبطة بالعمل لا تهتم الإدارة بهذه المشكلة وتميل الى تهدئة الموقف
		عندما تصادفكم مشكلة مرتبطة بالعمل يتم إيجاد حلول وسطية تقرب وجهات النظر

Appendix 2: SPSS Output

Sample Characteristics :

Employees number	Company life	Field	experience	post	qualification	age	sex
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	more than 20 years	CEO	phd	older then 45	men

more then 250	more then 10 years	accounting	15-20	Board Member	phd	older then 45	men
more then 250	more then 10 years	management	أكتوبر-15	Board Member	phd	35-45	men
more then 250	more then 10 years	management	أكتوبر-15	Board Member	master	35-45	men
more then 250	more then 10 years	accounting	أكتوبر-15	Internal Auditor	phd	35-45	men
more then 250	more then 10 years	finance	أكتوبر-15	Internal Auditor	master	35-45	men
more then 250	more then 10 years	accounting	أكتوبر-15	Internal Auditor	master	35-45	men
more then 250	more then 10 years	management	أكتوبر-15	CEO	licence	35-45	men
more then 250	more then 10 years	accounting	15-20	Internal Auditor	licence	older then 45	men
more then 250	more then 10 years	accounting	15-20	Internal Auditor	licence	older then 45	men
more then 250	more then 10 years	accounting	أكتوبر-15	CEO	licence	older then 45	men
more then 250	more then 10 years	economics	أكتوبر-15	CEO	licence	older then 45	men
more then 250	more then 10 years	management	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	phd	older then 45	men
more then 250	more then 10 years	finance	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	management	15-20	Board Member	phd	older then 45	men
more then 250	more then 10 years	management	15-20	Board Member	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men

more then 250	more then 10 years	other	more than 20 years	CEO	licence	older then 45	men
more then 250	more then 10 years	other	more than 20 years	CEO	master	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	management	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	phd	older then 45	men
more then 250	more then 10 years	accounting	15-20	CEO	phd	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	phd	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	phd	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	management	أكتوبر-15	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	master	older then 45	men
more then 250	more then 10 years	economics	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	management	15-20	CEO	licence	older then 45	men
more then 250	more then 10 years	other	15-20	CEO	licence	older then 45	men

more than 250	more than 10 years	other	15-20	CEO	phd	older than 45	men
more than 250	more than 10 years	accounting	15-20	CEO	phd	older than 45	men
more than 250	more than 10 years	other	15-20	CEO	phd	older than 45	men
more than 250	more than 10 years	economics	15-20	CEO	phd	older than 45	men
more than 250	more than 10 years	finance	15-20	Internal Auditor	master	older than 45	women
more than 250	more than 10 years	finance	15-20	Internal Auditor	master	older than 45	women
more than 250	more than 10 years	finance	15-20	Board Member	phd	35-45	women
more than 250	more than 10 years	finance	15-20	Internal Auditor	master	35-45	women
50-يناير	05-اكتوبر	finance	15-20	Internal Auditor	phd	older than 45	women
more than 250	more than 10 years	accounting	اكتوبر-15	Internal Auditor	master	older than 45	women
more than 250	more than 10 years	accounting	15-20	Internal Auditor	phd	older than 45	women
more than 250	more than 10 years	accounting	15-20	Internal Auditor	phd	older than 45	women

Governance Output

A17	A16	A15	A14	A13	A12	A11	A10	A9	A8	A7	A6	A5	A4	A3	A2	A1
no	no	yes	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
no	no	no	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	no
no	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	no	no	no	yes	no
yes	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	no	yes	no	yes	no
yes	no	no	no	yes	yes	yes	yes	yes	no	yes	yes	no	yes	no	yes	no
yes	no	no	yes	no	yes	yes	no	yes	no	yes	no	yes	yes	no	yes	no
yes	no	no	no	no	yes	yes	yes	yes	no	yes	no	yes	yes	no	yes	no
yes	no	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no
yes	no	no	yes	yes	yes	yes	no	yes	no	no	yes	yes	yes	no	yes	no
yes	no	no	no	no	yes	yes	no	yes	no	no	no	yes	yes	no	yes	yes
yes	no	no	yes	no	yes	yes	no	yes	no	no	yes	yes	yes	no	yes	yes

yes	no	yes	yes	yes	yes	yes	no	yes	no	no	no	yes	yes	no	yes	yes
yes	no	no	no	yes	yes	yes	yes	yes	yes	no	no	yes	yes	no	yes	yes
yes	yes	no	yes	no	yes	yes	yes	yes	no	yes	yes	no	yes	no	yes	no
no	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
yes	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no
no	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	no
yes	no	no	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes	yes	no
no	no	no	yes	yes	yes	no	yes	yes	no	yes	yes	yes	no	yes	no	no
yes	yes	no	no	yes	yes	no	yes	yes	no	yes	no	yes	yes	no	yes	no
no	no	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
no	yes	no	no	yes	yes	yes	no	yes	no	no	yes	no	no	yes	yes	no
no	no	no	yes	yes	yes	yes	no	yes	no	yes	no	yes	yes	yes	yes	no
no	no	no	no	no	yes	no	yes	yes	no	no	yes	yes	no	yes	yes	no
yes	no	no	yes	yes	yes	no	no	yes	no	no	yes	no	no	yes	yes	no
no	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	no
yes	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no
yes	no	no	no	yes	yes	yes	no	yes	no	yes	yes	no	yes	no	yes	no
yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	no	yes	no
yes	yes	no	no	no	yes	no	yes	yes	no	yes	no	no	yes	no	yes	no
yes	no	no	no	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no
yes	yes	no	yes	yes	yes	yes	yes	yes	yes	no	no	no	yes	no	yes	no
yes	no	no	yes	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	no
yes	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	no	no	no	no	no
no	no	no	no	no	yes	no	yes	yes	no	no	yes	yes	no	yes	yes	no
1.5	no	no	yes	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no
no	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	no
no	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no
no	no	no	no	yes	yes	yes	no	yes	no	yes	yes	no	yes	yes	no	yes
yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	no	yes	no
yes	yes	no	no	no	yes	no	yes	yes	no	yes	no	no	yes	no	yes	no
yes	no	no	no	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no
yes	no	no	yes	no	yes	no	yes	no	no	yes	yes	yes	no	yes	yes	no
yes	no	no	no	yes	no	yes	no	yes	no	yes	no	yes	yes	no	yes	no
yes	no	no	no	yes	yes	yes	no	yes	no	yes	no	no	yes	no	yes	no
yes	no	no	yes	no	yes	yes	no	yes	yes	no	yes	yes	yes	no	yes	no
yes	no	yes	yes	yes	no	no	no	yes	no	no	yes	no	no	yes	no	yes
no	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	no
no	no	no	yes	no	yes	yes	yes	yes	no	yes	yes	no	no	yes	yes	no
no	no	no	yes	no	yes	yes	yes	yes	no	yes	yes	no	no	yes	yes	no

A3	A3	A3	A3	A3	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2	A1	A1
4	3	2	1	0	9	8	7	6	5	4	3	2	1	0	9	8
yes	no	yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no

yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no	no	no
yes	no	yes	yes	yes	yes	yes	no	yes	no	no	no	yes	yes	yes	no	no
yes	no	yes	no	no	yes	yes	no	yes	no	no	no	yes	yes	yes	yes	no
yes	no	yes	no	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	yes
yes	no	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	no	yes	yes	no
yes	no	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	no	no	yes	yes
yes	no	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes	no
yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes
yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes
yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
yes	yes	yes	no	yes	yes	no	yes	yes	yes	no	no	yes	no	yes	yes	yes
yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes	no
no	no	yes	no	yes	no	no	yes	yes	no	yes	yes	yes	no	yes	yes	no
yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no
yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes	yes
yes	no	yes	no	yes	yes	yes	yes	yes	yes	no	yes	yes	no	yes	no	no
yes	no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
yes	no	yes	yes	yes	yes	yes	no	yes	no	no	yes	yes	no	yes	no	no
yes	no	yes	yes	yes	yes	yes	no	yes	yes	no	no	yes	yes	no	yes	no
yes	no	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	no
yes	no	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no
yes	no	yes	no	yes	no	yes	yes	yes	yes	no	no	yes	no	yes	yes	yes
yes	no	yes	no	no	yes	yes	no	yes	no	yes	no	yes	yes	yes	yes	no
yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no
yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no
yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no
yes	no	yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	no	yes	yes	no
yes	no	yes	no	no	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes	no
yes	no	yes	no	no	yes	no	no	yes	no	yes	no	yes	no	yes	no	no

yes	no	yes	no	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no
yes	no	yes	no	no	yes	yes	yes	yes	yes	yes	no	no	no	yes	yes	yes
yes	no	yes	no	no	yes	yes	no	yes	no	no	yes	yes	yes	yes	yes	no
yes	no	yes	no	yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	no
yes	no	yes	no	yes	no	yes	no	yes	yes	yes	yes	yes	no	yes	yes	no

Organizational Development Output

A5	A5	A4	A4	A4	A4	A4	A4	A4	A4	A4	A4	A4	A3	A3	A3	A3	A3
1	0	9	8	7	6	5	4	3	2	1	0	9	8	7	6	5	
yes	yes	yes	no	no	no	no	no	no	yes	yes	yes	yes	no	no	yes	no	
no	no	no	no	no	no	yes	no	no	no	no	yes	yes	no	no	yes	no	
yes	yes	yes	yes	yes	yes	yes	yes	no	no	no	no	no	no	no	no	yes	
no	no	no	no	yes	no	no	yes	no	no	no	no	no	no	no	no	yes	
yes	yes	yes	no	yes	yes	yes	yes	no	no	no	no	no	no	no	no	yes	
yes	yes	yes	no	yes	yes	yes	yes	no	no	no	no	no	no	no	no	yes	
yes	yes	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	
yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	no	yes	yes	yes	yes	
no	yes	yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	yes	yes	
yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	no	no	no	no	yes	yes	
no	no	no	yes	yes	no	no	yes	no	yes	no	yes	no	no	no	yes	yes	
yes	yes	no	no	no	yes	no	no	no	yes	yes	yes	yes	yes	no	yes	yes	
no	no	no	yes	yes	no	no	yes	yes	yes	yes	no	yes	no	no	yes	no	
yes	yes	no	yes	no	no	no	no	no	yes	yes	no	yes	no	no	yes	no	
yes	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	yes	no	yes	yes	
yes	yes	no	yes	yes	yes	no	yes	no	no	yes	yes	yes	yes	no	yes	yes	
yes	yes	no	no	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes	yes	
no	no	yes	yes	no	yes	yes	no	no	no	no	no	no	no	no	no	no	
yes	yes	yes	no	yes	yes	yes	yes	no	no	no	no	no	no	no	no	yes	
no	yes	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	no	yes	yes	no	

yes	no	no	no	yes	no	no	yes	no	no	no	no	no	no	no	no	yes
yes	yes	no	no	no	no	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
yes	yes	no	no	no	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes

A6 8	A6 7	A6 6	A6 5	A6 4	A6 3	A6 2	A6 1	A6 0	A5 9	A5 8	A5 7	A5 6	A5 5	A5 4	A5 3	A5 2
no	no	yes	yes	no	yes	yes	yes	yes	yes	no	yes	no	no	yes	no	no
no	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	no	no	no	no	no
yes	yes	no	yes	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	yes	yes
no	no	no	no	no	yes	no	no	yes	yes	no	no	no	yes	no	yes	no
yes	yes	no	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes
yes	yes	no	yes	yes	no	yes	no	yes	no	yes	no	yes	no	yes	yes	yes
yes	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes
yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes
no	yes	yes	yes	yes	yes	no	no	yes	yes	no	yes	no	yes	no	no	no
yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes
no	no	yes	yes	yes	yes	yes	no	yes	yes	no	yes	yes	yes	yes	no	yes
no	no	yes	yes	no	yes	no	no	yes	yes	yes	yes	no	no	yes	yes	yes
no	no	yes	yes	yes	no	no	no	yes	yes	no	yes	yes	yes	yes	no	no
no	no	no	yes	no	yes	no	no	yes	no	yes	no	no	yes	yes	no	no
no	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes
no	no	yes	yes	no	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes	no
no	yes	yes	no	yes	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes	no
no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	no	yes	no	yes	yes
yes	yes	yes	no	yes	yes	yes	no	yes	yes	yes	no	no	yes	yes	yes	yes
yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no
no	no	yes	no	no	yes	no	yes	yes	yes	yes	yes	no	no	yes	no	no
no	no	yes	yes	no	yes	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes
no	no	yes	yes	no	yes	no	no	yes	yes	yes	no	no	yes	yes	yes	yes
yes	yes	yes	no	yes	yes	no	no	yes	no	yes	yes	yes	no	yes	yes	yes
no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes
no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	yes
no	no	yes	no	yes	yes	no	yes	yes	yes	yes	no	no	yes	yes	yes	yes
no	no	yes	yes	no	yes	no	no	yes	yes	yes	no	no	yes	no	yes	yes
no	yes	yes	no	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	no
no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	no
no	no	yes	yes	no	yes	no	yes	yes	yes	no	no	no	yes	no	yes	yes
no	yes	yes	yes	yes	yes	no	yes	yes	no	yes	yes	yes	no	yes	yes	yes
no	yes	yes	no	yes	yes	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes
no	no	yes	no	yes	yes	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes
yes	yes	yes	no	yes	yes	no	no	yes	no	yes	yes	yes	no	yes	yes	yes

no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes	yes
no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	yes
no	no	yes	no	yes	yes	no	yes	yes	yes	yes	no	no	yes	yes	yes	yes
no	no	yes	no	no	yes	no	yes	yes	yes	no	no	no	yes	no	no	yes
no	yes	yes	no	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	yes
no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	yes
no	no	yes	yes	no	yes	no	yes	yes	yes	no	no	no	yes	no	yes	yes
no	no	yes	yes	no	yes	yes	no	yes	no	yes	no	no	yes	yes	yes	yes
yes	yes	no	no	yes	yes	no	no	yes	yes	no	no	yes	no	no	yes	no
no	no	yes	yes	yes	yes	no	no	yes	yes	no	yes	yes	no	no	no	no
no	yes	no	yes	yes	yes	no	no	yes	yes	no	yes	yes	no	no	yes	no
yes	yes	no	yes	yes	yes	yes	no	yes	yes	yes	no	no	no	yes	yes	yes
yes	yes	no	no	yes	yes	no	no	yes	yes	no	yes	yes	no	no	no	no
no	no	yes	no	yes	yes	no	no	yes	no	yes	no	no	yes	yes	yes	no
no	no	yes	no	yes	yes	no	no	yes	no	yes	no	no	yes	yes	yes	yes

A8	A8	A8	A8	A8	A8	A7	A7	A7	A7	A7	A7	A7	A7	A7	A7	A6
5	4	3	2	1	0	9	8	7	6	5	4	3	2	1	0	9
no	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
no	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes	yes	no	yes	no
yes	yes	no	yes	yes	no	yes	no	yes	no	yes	yes	yes	yes	yes	yes	yes
no	yes	no	no	yes	no	yes	no	yes	yes	no	yes	yes	yes	no	yes	yes
yes	yes	no	yes	yes	yes	yes	no	no	yes	no	yes	yes	yes	yes	yes	yes
no	yes	yes	no	yes	no	yes	no	yes	no	yes	yes	no	yes	no	yes	yes
no	yes	yes	no	yes	no	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
no	yes	no	no	yes	no	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes
no	yes	no	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	yes	yes
no	yes	yes	no	no	yes	yes	no	no	yes	no	yes	no	yes	no	yes	yes
yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	no	yes	yes
yes	yes	no	no	no	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
yes	yes	no	yes	yes	yes	yes	no	no	yes	no	yes	no	yes	no	yes	yes
no	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
yes	yes	yes	yes	no	no	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes
no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	yes	yes	no	no	yes	yes	no	yes	no	yes	yes	yes	no	yes	no
no	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	no	no	no	no	no	no	no	yes	no	yes	no
no	yes	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes

no	yes	no	yes	no	yes	no	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	yes	no	no	yes	yes	no	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	no	yes	no	no	no	no	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	yes	yes	yes	yes	yes	no	yes	yes	no	yes	no	yes	yes
no	yes	no	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	no	no	no	no	no	no	no	yes	no	yes	no
no	yes	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	no	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	yes	no	no	yes	yes	no	no	yes	no	yes	yes	yes	no	yes	yes
no	yes	yes	no	yes	no	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	no	yes	no	no	no	no	yes	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	yes	no	no	yes	yes	yes	yes	no	yes	yes	yes	yes	no	yes	yes
yes	yes	yes	yes	yes	no	yes	yes	no	yes	no	yes	no	yes	no	yes	yes
no	yes	no	yes	no	yes	no	yes	yes	no	yes	yes	no	yes	no	yes	no
no	yes	no	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no
no	yes	no	yes	yes	no	no	no	yes	yes	yes	yes	yes	yes	no	yes	no
yes	yes	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	yes	yes	yes	no	yes	no	yes	yes	yes	yes	no	yes	yes
no	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	no	yes	no	yes	no
no	yes	no	yes	no	yes	yes	yes	no	yes	no	yes	no	yes	no	yes	no

Statistics

Statistics

		sex	age	qualification	post	experience	Field	company_life	employees_umber
N	Valid	50	50	50	50	50	50	50	50
	Missing	0	0	0	0	0	0	0	0
Mean		1.16	3.84	2.90	1.48	3.86	3.26	2.98	2.96
Std. Deviation		.370	.370	.909	.707	.495	1.482	.141	.283

sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	men	42	84.0	84.0	84.0
	women	8	16.0	16.0	100.0

Total	50	100.0	100.0
-------	----	-------	-------

age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	35-45	8	16.0	16.0	16.0
	older then 45	42	84.0	84.0	100.0
	Total	50	100.0	100.0	

qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	licence	23	46.0	46.0	46.0
	master	9	18.0	18.0	64.0
	phd	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

post

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CEO	32	64.0	64.0	64.0
	Internal Auditor	12	24.0	24.0	88.0
	Board Member	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10-15	10	20.0	20.0	20.0
	15-20	37	74.0	74.0	94.0
	more than 20 years	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Field

		Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	management	9	18.0	18.0	18.0
	finance	7	14.0	14.0	32.0
	accounting	11	22.0	22.0	54.0
	economics	8	16.0	16.0	70.0
	other	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

company_life

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5-10	1	2.0	2.0	2.0
	more then 10 years	49	98.0	98.0	100.0
	Total	50	100.0	100.0	

employees_number

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-50	1	2.0	2.0	2.0
	more then 250	49	98.0	98.0	100.0
	Total	50	100.0	100.0	

Scale: الحوكمة

Reliability Statistics

Cronbach's Alpha	N of Items
.717	34

Scale: التنظيمي التطوير

Reliability Statistics

Cronbach's Alpha	N of Items
.785	51

Scale: Governance

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.418
		N of Items	17 ^a
	Part 2	Value	.492
		N of Items	17 ^b

	Total N of Items	34
Correlation Between Forms		.875
Spearman-Brown Coefficient	Equal Length	.933
	Unequal Length	.933
Guttman Split-Half Coefficient		.932

a. The items are: A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17.

b. The items are: A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34.

Scale Statistics

	Mean	Variance	Std. Deviation	N of Items
Part 1	28.4333	4.806	2.19220	17 ^a
Part 2	28.8667	5.361	2.31537	17 ^b
Both Parts	57.3000	19.045	4.36404	34

a. The items are: A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, A12, A13, A14, A15, A16, A17.

b. The items are: A18, A19, A20, A21, A22, A23, A24, A25, A26, A27, A28, A29, A30, A31, A32, A33, A34.

Scale : Organizational Development

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.762
		N of Items	26 ^a
	Part 2	Value	.479
		N of Items	26 ^b
	Total N of Items		52
Correlation Between Forms		.541	
Spearman-Brown Coefficient	Equal Length	.702	
	Unequal Length	.702	
Guttman Split-Half Coefficient		.656	

a. The items are: A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59.

b. The items are: A60, A61, A62, A63, A64, A65, A66, A67, A68, A69, A70, A71, A72, A73, A74, A75, A76, A77, A78, A79, A80, A81, A82, A83, A84, A85.

Scale Statistics

	Mean	Variance	Std. Deviation	N of Items
Part 1	41.3667	21.137	4.59748	26 ^a
Part 2	43.1667	8.420	2.90164	26 ^b
Both Parts	84.5333	43.982	6.63186	52

a. The items are: A34, A35, A36, A37, A38, A39, A40, A41, A42, A43, A44, A45, A46, A47, A48, A49, A50, A51, A52, A53, A54, A55, A56, A57, A58, A59.

b. The items are: A60, A61, A62, A63, A64, A65, A66, A67, A68, A69, A70, A71, A72, A73, A74, A75, A76, A77, A78, A79, A80, A81, A82, A83, A84, A85.

Group Statistics

العينة	N	Mean	Std. Deviation	Std. Error Mean
الحكومة الدنيا الدرجات	8	52.0000	1.60357	.56695
	8	62.8750	2.23207	.78916
التنظيمي التطوير الدنيا الدرجات	8	74.3750	3.85218	1.36195
	8	90.6250	3.02076	1.06800

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
الحكومة	Equal variances assumed	.409	.533	-11.192-	14	.000	-10.87500-	.97170	-12.95908-	-8.79092-
	Equal variances not assumed			-11.192-	12.706	.000	-10.87500-	.97170	-12.97918-	-8.77082-
التنظيمي التطوير	Equal variances assumed	.406	.534	-9.389-	14	.000	-16.25000-	1.73076	-19.96211-	-12.53789-
	Equal variances not assumed			-9.389-	13.247	.000	-16.25000-	1.73076	-19.98201-	-12.51799-

Correlations

Correlations

		الاطار التشريعي للحوكمة	مسؤولي مجلس ات الإدارة	حقوق المساهمين	التدقيق الداخلي	التدقيق الخارجي	دور أصحاب المصالح	الأفصاح والشفافية	الحوكمة
للحوكمة التشريعي الاطار ligeslative and legal framework	Pearson Correlation	1	-.189-	.239	-.241-	.585**	-.118-	-.062-	.118
	Sig. (2-tailed)		.317	.202	.200	.001	.535	.744	.535
	N	30	30	30	30	30	30	30	30
الإدارة مجلس مسؤوليات board responsibilities	Pearson Correlation	-.189-	1	.429*	.752**	.263	.893**	.495**	.891**
	Sig. (2-tailed)	.317		.018	.000	.160	.000	.005	.000
	N	30	30	30	30	30	30	30	30
المساهمين حقوق shareholders right	Pearson Correlation	.239	.429*	1	.140	.508**	.265	.822**	.733**
	Sig. (2-tailed)	.202	.018		.462	.004	.157	.000	.000
	N	30	30	30	30	30	30	30	30
التدقيق الداخلي internal audit	Pearson Correlation	-.241-	.752**	.140	1	.014	.860**	.172	.676**
	Sig. (2-tailed)	.200	.000	.462		.942	.000	.363	.000
	N	30	30	30	30	30	30	30	30
التدقيق الخارجي internal audit	Pearson Correlation	.585**	.263	.508**	.014	1	.159	.317	.522**
	Sig. (2-tailed)	.001	.160	.004	.942		.401	.088	.003
	N	30	30	30	30	30	30	30	30
المصالح أصحاب دور stakeholder role	Pearson Correlation	-.118-	.893**	.265	.860**	.159	1	.174	.792**
	Sig. (2-tailed)	.535	.000	.157	.000	.401		.359	.000
	N	30	30	30	30	30	30	30	30
والشفافية الإفصاح and transparency	Pearson Correlation	-.062-	.495**	.822**	.172	.317	.174	1	.669**
	Sig. (2-tailed)	.744	.005	.000	.363	.088	.359		.000
	N	30	30	30	30	30	30	30	30
الحوكمة	Pearson Correlation	.118	.891**	.733**	.676**	.522**	.792**	.669**	1
	Sig. (2-tailed)	.535	.000	.000	.000	.003	.000	.000	
	N	30	30	30	30	30	30	30	30

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Correlations

		الاستراتيجي التطوير strategic development	الهيكلية التطوير structural development	البشري التطوير human development	human resources management	التطوير التنظيمي
الاستراتيجي التطوير strategic development	Pearson Correlation	1	.648**	.153	.383*	.834**
	Sig. (2-tailed)		.000	.420	.037	.000
	N	30	30	30	30	30
الهيكلية التطوير structural development	Pearson Correlation	.648**	1	.532**	.397*	.902**
	Sig. (2-tailed)	.000		.002	.030	.000
	N	30	30	30	30	30
البشري التطوير human development	Pearson Correlation	.153	.532**	1	.383*	.550**
	Sig. (2-tailed)	.420	.002		.037	.002
	N	30	30	30	30	30
human resources management	Pearson Correlation	.383*	.397*	.383*	1	.641**
	Sig. (2-tailed)	.037	.030	.037		.000
	N	30	30	30	30	30
التنظيمي التطوير	Pearson Correlation	.834**	.902**	.550**	.641**	1
	Sig. (2-tailed)	.000	.000	.002	.000	
	N	30	30	30	30	30

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Tests of Normality

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
للحوكمة التشريعي الاطار and legal framework	.322	50	.000	.696	50	.000
الإدارة مجلس مسؤوليات responsibilities	.185	50	.000	.936	50	.009
المساهمين حقوق shareholders right	.273	50	.000	.849	50	.000
التدقيق الداخلي internal audit	.268	50	.000	.833	50	.000
التدقيق الخارجي external audit	.314	50	.000	.824	50	.000
المصالح أصحاب دور stakeholder role	.261	50	.000	.856	50	.000
والشفافية الإفصاح	.289	50	.000	.818	50	.000

التطوير الاستراتيجي strategic development	.142	50	.013	.953	50	.046
التطوير الهيكلي structural development	.218	50	.000	.933	50	.007
التطوير البشري human development	.220	50	.000	.906	50	.001
human resources management	.198	50	.000	.922	50	.003
الحوكمة	.187	50	.000	.969	50	.207
التنظيمي التطوير	.109	50	.193	.976	50	.388

a. Lilliefors Significance Correction

Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
strategic development	50	17	27	21.28	2.778	7.716
structural development	50	23	34	29.48	2.659	7.071
human development	50	9	14	11.58	1.108	1.228
human resources management	50	15	23	19.48	1.542	2.377
الحوكمة	50	49	61	55.30	2.533	6.418
التنظيمي التطوير	50	69.00	94.00	81.8200	5.70603	32.559
Valid N (listwise)	50					

Tests of Homogeneity of Variances

Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
التنظيمي التطوير	Based on Mean	1.590	9	38	.153
	Based on Median	.570	9	38	.813
	Based on Median and with adjusted df	.570	9	18.366	.804
	Based on trimmed mean	1.498	9	38	.184

strategic development التطوير الاستراتيجي	Based on Mean	1.055	9	38	.417
	Based on Median	.414	9	38	.920
	Based on Median and with adjusted df	.414	9	27.747	.917
	Based on trimmed mean	.982	9	38	.471
structural development التطوير الهيكلي	Based on Mean	2.171	9	38	.047
	Based on Median	.840	9	38	.585
	Based on Median and with adjusted df	.840	9	16.939	.591
	Based on trimmed mean	1.969	9	38	.071
human development التطوير البشري	Based on Mean	1.988	9	38	.068
	Based on Median	1.230	9	38	.306
	Based on Median and with adjusted df	1.230	9	27.313	.318
	Based on trimmed mean	1.943	9	38	.075
human resources management	Based on Mean	1.908	9	38	.080
	Based on Median	1.392	9	38	.226
	Based on Median and with adjusted df	1.392	9	24.552	.245
	Based on trimmed mean	1.851	9	38	.090

Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Deviation
البورصة ا طريق عن الجزائر في الشركات حوكمة تنظيم يتم	50	1.12	.328
المالي القانون التجاري، القانون (القوانين من مجموعة طريق عن الجزائر في الشركات حوكمة تنظيم يتم)	50	1.92	.274
الراشد الحكم ميثاق طريق عن الجزائر في الشركات حوكمة تنظيم يتم	50	1.42	.499
المسؤولين و العام المدير تعيين يتولى و العامة السياسات و الأهداف العمل، استراتيجيات المجلس يضع الخبراء المساعدين، و الرئيسيين	50	1.78	.418
المالي المركز عدالة عن بوضوح تعبر أنها و المؤسسة عن الصادرة المالية البيانات سلامة المجلس يتابع	50	1.68	.471
سلامة من يتحقق و المؤسسة عمل تنظم التي التعليمات و القوانين كافة على المجلس أعضاء اطلاع يتم العمل لضروريات وفقا انعقاده تطبيقها،	50	1.64	.485
الشركة مدراء من الإدارة مجلس يتكون	50	1.6000	.49487
المساهمين من الإدارة مجلس يتكون	50	1.4200	.49857

و إفلاسه أشهر من منهم ليس جرائم، بارتكاب لهم يسبق لم الحسنة، السمعة نوي من الإدارة مجلس أعضاء أخرى بشركات خسائر الحاق في يتسببوا لم	50	1.9800	.14142
الاقتصاد و المحاسبة المالية، التسيير، في العملي و العلمي التأهيل الإدارة مجلس أعضاء في يتوفر	50	1.6200	.49031
السنة في الأقل على مرتين الإدارة مجلس يجتمع	50	1.7400	.44309
و التصويت في حقهم ممارسة و العامة الجمعية اجتماعات حضور في المساهمين حق المؤسسة تكفل الخارجي المدقق من الاستفسار	50	1.9600	.19795
الإدارة مجلس قرارات إلغاء و العامة الهيئة أعمال جدول بنود وضع حق المساهمون يملك	50	1.6800	.47121
لموافقة بهم الخاص التعويضات نظام و التنفيذيين المديرين و الإدارة مجلس أعضاء مكافآت سياسة تخضع المساهمين	50	1.4400	.50143
قبل من السلطة استعمال سوء عن لتعويضهم الفاعلة الوسائل لديهم و المساهمين لصغار حماية توجد المسيطرين المساهمين	50	1.1600	.37033
العامة الجمعية اجتماع في الإدارة مجلس أعضاء تزكية أو ترشيح في المساهمين صغار يشارك	50	1.1400	.35051
الداخلية الرقابة مهمة اليه تعهد قسم المؤسسة هيكل ضمن يوجد	50	1.6200	.49031
الخارجي المدقق اختبار في الحق القسم لهذا	50	1.2400	.43142
الخارجي المدقق لرقابة الداخلي التدقيق قسم عمل يخضع	50	1.7200	.45356
الإدارة مجلس طرف من الخارجي الحسابات مراجع تعيين يتم	50	1.9000	.30305
الطويلة الخبرة ذو الحسابات مراجع اختبار يتم	50	1.5400	.50346
المؤسسة في اداري أو مالي دور لعب من أقاربه و الخارجي المراجع يمنع	50	1.9800	.14142
الحوكمة بمبادئ الشركة التزام مدى عن تقرير بتقديم الخارجي المراجع يلتزم	50	1.4800	.50467
مناقشة و آرائهم أخذ أجل من المؤسسة إدارة و موظفي مع دورية اجتماعات عقد على المؤسسة تحرص الأداء لتحسين مقترحاتهم	50	1.6600	.47852
المناسب الوقت في تهمهم التي القرارات عن بمعلومات المصالح أصحاب يزود	50	1.6000	.49487
الدائنين بحقوق الوفاء و الإفلاس من للحماية فعالة إجراءات المؤسسة تطبيق	50	2.0000	.00000
المجتمع تنمية و البيئية القضايا دعم في المؤسسة تشارك	50	1.6600	.47852
تنتج أضرار عن التعويض في المصالح أصحاب حقوق تكفل التي الإجراءات كافة بوضع المؤسسة تلتزم الإدارة سوء عن	50	1.9000	.30305
المصالح أصحاب شكاوي لاستقبال آليات بوضع المؤسسة تلتزم	50	1.7600	.43142
الملكية هيكل و الإدارة مجلس تشكيل بنشر العليا الإدارة تلتزم	50	1.7600	.43142
الحوكمة تقرير و الإدارة مجلس تقرير بنشر العليا الإدارة تلتزم	50	1.1400	.35051
التجاري السجل في تقاريرها بنشر المؤسسة تلتزم	50	2.0000	.00000
البورصة في تقاريرها بنشر المؤسسة تلتزم	50	1.0800	.27405
النشر في تستعملها الكترونية مواقع للمؤسسة	50	1.9600	.19795
جيدة العمل تسيير في للشركة العامة السياسة ترى	50	1.6800	.47121
الأخيرة السنوات العشر خلال السياسة هذه على تعديل طرأ	50	1.7800	.41845
تطبيقها قبل التعديلات بهذه اعلامك تم	50	1.3400	.47852
اليك بالنسبة واضحة التعديلات هذه أهداف	50	1.3400	.47852

شاملة المؤسسة بها قامت التي التعديلات	50	1.5200	.50467
وكذا والعمودية الأفقية الاتصالات نظم إستراتيجية تحسين من مكنت المؤسسة بها قامت التي التعديلات الاتصال و الاعلام وسائل	50	1.5600	.50143
التسويقية الإستراتيجية تحسين من مكنت المؤسسة بها قامت التي التعديلات	50	1.5600	.50143
البشرية الموارد تسيير إستراتيجية على انصبت المؤسسة بها قامت التي التعديلات	50	1.5000	.50508
الاستثمار إستراتيجية تحسين من مكنت المؤسسة بها قامت التي التعديلات	50	1.2200	.41845
بسيطة المؤسسة داخل العمل إنجاز إجراءات	50	1.7800	.41845
الجماعي العمل روح و التعاون قيم المؤسسة تشجع	50	1.6200	.49031
السلطة امتلاك إلى السعي قيم المؤسسة تشجع	50	1.6800	.47121
العمل في التميز و التفوق قيم المؤسسة تشجع	50	1.2800	.45356
للمؤسسة الولاء و المسؤولية قيم المؤسسة تشجع	50	1.4200	.49857
الصلاحيات و السلطات تفويض في بمرونة التنظيمي الهيكل يتميز	50	1.3400	.47852
المسؤوليات و الصلاحيات و السلطات بتداخل التنظيمي الهيكل يتميز	50	1.7000	.46291
العمل في دقيق و تقسيم بتخصص التنظيمي الهيكل يتميز	50	1.7200	.45356
السلطة امتلاك في شديدة بمركزية التنظيمي الهيكل يتميز	50	1.6600	.47852
الإشرافية المستويات في الرؤساء بين و التنسيق التعاون خطوط بوضوح التنظيمي الهيكل يتميز	50	1.7800	.41845
وحدودها السلطة تدفق خطوط بوضوح التنظيمي الهيكل يتميز	50	1.7200	.45356
جديدة تنظيمية وحدات استحداث تم عمك مدة خلال	50	1.4200	.49857
أخرى مع تنظيمية وحدات دمج تم عمك مدة خلال	50	1.3400	.47852
قائمة تنظيمية وحدات توسيع تم عمك مدة خلال	50	1.4800	.50467
واضحة و حدودها السلطة تدفق خطوط ترى	50	1.7000	.46291
قدراتك مع تتناسب إليك الموكلة المهام حجم	50	1.8400	.37033
مباشر باشراف عمك خلال تقوم	50	2.0000	.00000
مباشر غير باشراف عمك خلال تقوم	50	1.5000	.50508
القرار اتخاذ و سلطات الصلاحيات لتفويض دائما الإدارة تلجأ	50	1.2800	.45356
المروسين و الرؤساء بين الرأسية الاتصال قنوات تفعيل المؤسسة تعتمد	50	1.8400	.37033
المستوى نفس في الرؤساء بين الأفقية الاتصال قنوات تفعيل المؤسسة تعتمد	50	1.7400	.44309
عمك سنوات خلال جودة شهادة على المؤسسة تحصلت	50	1.6400	.48487
عام بشكل العمل ظروف و المنتجات جودة من حسنت جديدة تكنولوجيا المؤسسة أدخلت	50	1.7800	.41845
الأراء تبادل و التفاعل يسوده مشجع و تعاوني جو العمل جو	50	1.5800	.49857
الفريق أعضاء بين العمل جو بتحسين الإدارة تهتم	50	1.2600	.44309
مؤسستكم داخل الوظيفي التقدم و للترقية فرص هناك	50	1.8200	.38809
بالعمل متعلقة مقترحات تقديم و القرارات صنع في إشراكك يتم	50	1.9800	.14142
النقابة في عضويتك بسبب بالعمل متعلقة مقترحات تقديم و القرارات صنع في إشراكك يتم	50	1.1800	.38809

الوظيفي منصبك بسبب بالعمل متعلقة مقترحات تقديم و القرارات صنع في إشراكك يتم	50	2.0000	.00000
معها متناسب بوظيفتك المرتبطة الصلاحيات حجم	50	1.7600	.43142
تكوينية لدورات خضعت أن و سبق المهنية مسيرتك خلال	50	1.9600	.19795
المؤسسة داخل تكوينك تم	50	1.5400	.50346
DATASHOW تقنية وسائل باستخدام محاضرات على لها خضعت التي التكوينية الدورات اعتمدت	50	1.5400	.50346
ميداني تدريب عن عبارة كانت لها خضعت التي التكوينية الدورات	50	1.6200	.49031
الاتصال و الاعلام وسائل عن كانت لها خضعت التي التكوينية الدورات	50	1.7200	.45356
الوظيفي مستواك تحسين في ساهمت لها خضعت التي التكوينية الدورات	50	1.8400	.37033
الأداء تقييم في Feed Back العكسية التغذية على الإدارة تعتمد	50	1.6200	.49031
مستمرة بصفة قدراتهم وتنمية إطاراتها كفاءات تحسين على الإدارة تعمل	50	1.4800	.50467
الحل مقترحات وتقديم الإدارة مع للمشكلة العاملين بمناقشة حلها يتم بالعمل مرتبطة مشكلة تصادفكم عندما المناسب	50	1.6400	.48487
الإدارة تدخل دون القسم داخل جماعي بشكل حلها يتم بالعمل مرتبطة مشكلة تصادفكم عندما	50	1.4400	.50143
الموقف تهدئة الى تميل و المشكلة بهذه الإدارة تهتم لا بالعمل مرتبطة مشكلة تصادفكم عندما	50	1.9200	.27405
النظر وجهات تقرب وسطية حلول إيجاد يتم بالعمل مرتبطة مشكلة تصادفكم عندما	50	1.1600	.37033
Valid N (listwise)	50		

الجزائر في الشركات حوكمة تنظيم يتم البورصة ا طريق عن

	N	%
no	44	88.0%
yes	6	12.0%

الجزائر في الشركات حوكمة تنظيم يتم (القوانين من مجموعة طريق عن (.....) المالي القانون التجاري، القانون

	N	%
no	4	8.0%
yes	46	92.0%

الجزائر في الشركات حوكمة تنظيم يتم الراشد الحكم ميثاق طريق عن

	N	%
no	29	58.0%

العمل، استراتيجيات المجلس يضع يتولى و العامة السياسات و الأهداف المسؤولين و العام المدير تعيين الخبراء المساعدين، و الرئيسيين

	N	%
no	11	22.0%
yes	39	78.0%

المالية البيانات سلامة المجلس يتابع تعبر أنها و المؤسسة عن الصادرة المالي المركز عدالة عن بوضوح

	N	%
no	16	32.0%
yes	34	68.0%

كافة على المجلس أعضاء اطلاع يتم عمل تنظم التي التعليمات و القوانين تطبيقها، سلامة من يتحقق و المؤسسة العمل لضروريات وفقا انعقاده

الشركة مدراء من الإدارة مجلس يتكون

	N	%
no	20	40.0%
yes	30	60.0%

المساهمين من الإدارة مجلس يتكون

	N	%
no	29	58.0%
yes	21	42.0%

السمعة ذوي من الإدارة مجلس أعضاء جرانم، بارتكاب لهم يسبق لم الحسنة، يتسببوا لم و إفلاسه أشهر من منهم ليس أخرى بشركات خسائر الحاق في

yes	21	42.0%
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التأهيل الإدارة مجلس أعضاء في يتوفر
المالية، التسيير، في العملي و العلمي
الاقتصاد و المحاسبة

	N	%
no	19	38.0%
yes	31	62.0%

جدول بنود وضع حق المساهمون يملك
قرارات إلغاء و العامة الهيئة أعمال
الادارة مجلس

	N	%
no	16	32.0%
yes	34	68.0%

أو ترشيح في المساهمين صغار يشارك
اجتماع في الإدارة مجلس أعضاء تزكية
العامة الجمعية

	N	%
no	43	86.0%
yes	7	14.0%

لرقابة الداخلي التدقيق قسم عمل يخضع
الخارجي المدقق

	N	%
no	14	28.0%
yes	36	72.0%

لعب من أقاربه و الخارجي المراجع يمنع
المؤسسة في اداري أو مالي دور

	N	%
no	1	2.0%
yes	49	98.0%

	N	%
no	18	36.0%
yes	32	64.0%

الأقل على مرتين الإدارة مجلس يجتمع
السنة في

	N	%
no	13	26.0%
yes	37	74.0%

مجلس أعضاء مكافآت سياسة تخضع
نظام و التنفيذيين المديرين و الإدارة
لموافقة بهم الخاص التعويضات
المساهمين

	N	%
no	28	56.0%
yes	22	44.0%

تعهد قسم المؤسسة هيكل ضمن يوجد
الداخلية الرقابة مهمة اليه

	N	%
no	19	38.0%
yes	31	62.0%

من الخارجي الحسابات مراجع تعيين يتم
الإدارة مجلس طرف

	N	%
no	5	10.0%
yes	45	90.0%

عن تقرير بتقديم الخارجي المراجع يلتزم
الحوكمة بمبادئ الشركة التزام مدى

	N	%
no	26	52.0%
yes	24	48.0%

	N	%
no	1	2.0%
yes	49	98.0%

في المساهمين حق المؤسسة تكفل
و العامة الجمعية اجتماعات حضور
الاستفسار و التصويت في حقهم ممارسة
الخارجي المدقق من

	N	%
no	2	4.0%
yes	48	96.0%

لديهم و المساهمين لصغار حماية توجد
سوء عن لتعويضهم الفاعلة الوسائل
المساهمين قبل من السلطة استعمال
المسيطرين

	N	%
no	42	84.0%
yes	8	16.0%

المدقق اختيار في الحق القسم لهذا
الخارجي

	N	%
no	38	76.0%
yes	12	24.0%

الخبرة ذو الحسابات مراجع اختيار يتم
الطويلة

	N	%
no	23	46.0%
yes	27	54.0%

اجتماعات عقد على المؤسسة تحرص
من المؤسسة إدارة و موظفي مع دورية
مقترحاتهم مناقشة و أرائهم أخذ أجل
الأداء لتحسين

	N	%
no	17	34.0%

عن معلومات المصالح أصحاب يزود
المناسب الوقت في تهمهم التي القرارات

	N	%
no	20	40.0%
yes	30	60.0%

الإجراءات كافة بوضع المؤسسة تلتزم
في المصالح أصحاب حقوق تكفل التي
سوء عن تنتج أضرار عن التعويض
الإدارة

	N	%
no	5	10.0%
yes	45	90.0%

مجلس تقرير بنشر العليا الإدارة تلتزم
الحوكمة تقرير و الإدارة

	N	%
no	43	86.0%
yes	7	14.0%

في تستعملها الكترونية مواقع للمؤسسة
النشر

	N	%
no	2	4.0%
yes	48	96.0%

تطبيقها قبل التعديلات بهذه اعلامك تم

	N	%
no	33	66.0%
yes	17	34.0%

مكنت المؤسسة بها قامت التي التعديلات
الاتصالات نظم إستراتيجية تحسين من
و الاعلام وسائل وكذا والعمودية الأفقية
الاتصال

	N	%
no	22	44.0%

للحماية فعالة إجراءات المؤسسة تطبيق
الدائنين بحقوق الوفاء و الإفلاس من

	N	%
yes	50	100.0%

لاستقبال آليات بوضع المؤسسة تلتزم
المصالح أصحاب شكاوي

	N	%
no	12	24.0%
yes	38	76.0%

في تقاريرها بنشر المؤسسة تلتزم
التجاري السجل

	N	%
yes	50	100.0%

تسيير في للشركة العامة السياسة ترى
جيدة العمل

	N	%
no	16	32.0%
yes	34	68.0%

بالنسبة واضحة التعديلات هذه أهداف
اليك

	N	%
no	33	66.0%
yes	17	34.0%

مكنت المؤسسة بها قامت التي التعديلات
التسويقية الإستراتيجية تحسين من

	N	%
no	22	44.0%

yes	33	66.0%
-----	----	-------

البيئية القضايا دعم في المؤسسة تشارك
المجتمع تنمية و

	N	%
no	17	34.0%
yes	33	66.0%

مجلس تشكيل بنشر العليا الإدارة تلتزم
الملكية هيكل و الإدارة

	N	%
no	12	24.0%
yes	38	76.0%

في تقاريرها بنشر المؤسسة تلتزم
البورصة

	N	%
no	46	92.0%
yes	4	8.0%

خلال السياسة هذه على تعديل طراً
الأخيرة السنوات العشر

	N	%
no	11	22.0%
yes	39	78.0%

شاملة المؤسسة بها قامت التي التعديلات

	N	%
no	24	48.0%
yes	26	52.0%

المؤسسة بها قامت التي التعديلات
الموارد تسيير إستراتيجية على انصبت
البشرية

	N	%
no	25	50.0%

yes	28	56.0%
مكنت المؤسسة بها قامت التي التعديلات الاستثمار إستراتيجية تحسين من		
	N	%
no	39	78.0%
yes	11	22.0%

امتلاك إلى السعي قيم المؤسسة تشجع السلطة		
	N	%
no	16	32.0%
yes	34	68.0%

في بمرونة التنظيمي الهيكل يتميز الصلاحيات و السلطات تفويض		
	N	%
no	33	66.0%
yes	17	34.0%

شديدة بمرورية التنظيمي الهيكل يتميز السلطة امتلاك في		
	N	%
no	17	34.0%
yes	33	66.0%

وحدات استحداث تم عملك مدة خلال جديدة تنظيمية		
	N	%
no	29	58.0%
yes	21	42.0%

وحدودها السلطة تدفق خطوط ترى واضحة		
	N	%
no	15	30.0%
yes	35	70.0%

yes	28	56.0%
المؤسسة داخل العمل إنجاز إجراءات بسيطة		
	N	%
no	11	22.0%
yes	39	78.0%

في التميز و التفوق قيم المؤسسة تشجع العمل		
	N	%
no	36	72.0%
yes	14	28.0%

و السلطات بتداخل التنظيمي الهيكل يتميز المسؤوليات و الصلاحيات		
	N	%
no	15	30.0%
yes	35	70.0%

خطوط بوضوح التنظيمي الهيكل يتميز في الرؤساء بين والتنسيق التعاون الإشرافية المستويات		
	N	%
no	11	22.0%
yes	39	78.0%

تنظيمية وحدات دمج تم عملك مدة خلال أخرى مع		
	N	%
no	33	66.0%
yes	17	34.0%

مع تتناسب إليك الموكلة المهام حجم قدراتك		
	N	%
no	8	16.0%
yes	42	84.0%

yes	25	50.0%
روح و التعاون قيم المؤسسة تشجع الجماعي العمل		
	N	%
no	19	38.0%
yes	31	62.0%

الولاء و المسؤولية قيم المؤسسة تشجع للمؤسسة		
	N	%
no	29	58.0%
yes	21	42.0%

وتقسيم بتخصص التنظيمي الهيكل يتميز العمل في دقيق		
	N	%
no	14	28.0%
yes	36	72.0%

خطوط بوضوح التنظيمي الهيكل يتميز وحدودها السلطة تدفق		
	N	%
no	14	28.0%
yes	36	72.0%

وحدات توسيع تم عملك مدة خلال قائمة تنظيمية		
	N	%
no	26	52.0%
yes	24	48.0%

مباشر بإشراف عملك خلال تقوم		
	N	%
yes	50	100.0%

مباشر غير باشراف عملك خلال تقوم

	N	%
no	25	50.0%
yes	25	50.0%

الاتصال قنوات تفعيل المؤسسة تعتمد
المستوى نفس في الرؤساء بين الأفقية

	N	%
no	13	26.0%
yes	37	74.0%

يسوده مشجع و تعاوني جو العمل جو
الأراء تبادل و التفاعل

	N	%
no	21	42.0%
yes	29	58.0%

تقديم و القرارات صنع في إشراك يتم
بالعمل متعلقة مقترحات

	N	%
no	1	2.0%
yes	49	98.0%

بوظيفتك المرتبطة الصلاحيات حجم
معها متناسب

	N	%
no	12	24.0%
yes	38	76.0%

خضعت التي التكوينية الدورات اعتمدت
وسائل باستخدام محاضرات على لها
تقنية DATASHOW

	N	%
no	23	46.0%
yes	27	54.0%

الصلاحيات لتفويض دائما الإدارة تلجأ
القرار اتخاذ وسلطات

	N	%
no	36	72.0%
yes	14	28.0%

جودة شهادة على المؤسسة تحصلت
عملك سنوات خلال

	N	%
no	18	36.0%
yes	32	64.0%

بين العمل جو بتحسين الإدارة تهتم
الفريق أعضاء

	N	%
no	37	74.0%
yes	13	26.0%

تقديم و القرارات صنع في إشراك يتم
عضويتك بسبب بالعمل متعلقة مقترحات
النقابة في

	N	%
no	41	82.0%
yes	9	18.0%

أن و سبق المهنية مسيرتك خلال
تكوينية لدورات خضعت

	N	%
no	2	4.0%
yes	48	96.0%

كانت لها خضعت التي التكوينية الدورات
ميداني تدريب عن عبارة

	N	%
no	19	38.0%
yes	31	62.0%

الاتصال قنوات تفعيل المؤسسة تعتمد
المرؤوسين و الرؤساء بين الرأسية

	N	%
no	8	16.0%
yes	42	84.0%

جديدة تكنولوجيا المؤسسة أدخلت
ظروف و المنتجات جودة من حسنت
عام بشكل العمل

	N	%
no	11	22.0%
yes	39	78.0%

الوظيفي التقدم و للترقية فرص هناك
مؤسستكم داخل

	N	%
no	9	18.0%
yes	41	82.0%

تقديم و القرارات صنع في إشراك يتم
منصبك بسبب بالعمل متعلقة مقترحات
الوظيفي

	N	%
yes	50	100.0%

المؤسسة داخل تكوينك تم

	N	%
no	23	46.0%
yes	27	54.0%

كانت لها خضعت التي التكوينية الدورات
الاتصال و الاعلام وسائل عن

	N	%
no	14	28.0%
yes	36	72.0%

لها خضعت التي التكوينية الدورات
الوظيفي مستواك تحسين في ساهمت

	N	%
no	8	16.0%
yes	42	84.0%

بالعمل مرتبطة مشكلة تصادفكم عندما
مع للمشكلة العاملين بمناقشة حلها يتم
المناسب الحل مقترحات وتقديم الإدارة

	N	%
no	18	36.0%
yes	32	64.0%

بالعمل مرتبطة مشكلة تصادفكم عندما
وجهات تقرب وسطية حلول إيجاد يتم
النظر

	N	%
no	42	84.0%
yes	8	16.0%

Feed العكسية التغذية على الإدارة تعتمد
الأداء تقييم في Back

	N	%
no	19	38.0%
yes	31	62.0%

بالعمل مرتبطة مشكلة تصادفكم عندما
دون القسم داخل جماعي بشكل حلها يتم
الإدارة تدخل

	N	%
no	28	56.0%
yes	22	44.0%

كفاءات تحسين على الإدارة تعمل
مستمرة بصفة قدراتهم وتنمية إطاراتها

	N	%
no	26	52.0%
yes	24	48.0%

لا بالعمل مرتبطة مشكلة تصادفكم عندما
الى تميل و المشكلة بهذه الإدارة تهتم
الموقف تهدئة

	N	%
no	4	8.0%
yes	46	92.0%

Hypothesis Tests

Model Summary^{b,c}

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366 ^a	.134	.116	1.254

a. Predictors: (Constant), الحوكمة

b. Dependent Variable: التطوير الاستراتيجي strategic development

c. Weighted Least Squares Regression - Weighted by الموزون

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.651	1	11.651	7.411	.009 ^c
	Residual	75.461	48	1.572		
	Total	87.112	49			

a. Dependent Variable: التطوير الاستراتيجي strategic development

b. Weighted Least Squares Regression - Weighted by الموزون

c. Predictors: (Constant), الحوكمة

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.901	8.137		-.111	.912
	الحوكمة	.401	.147	.366	2.722	.009

a. Dependent Variable: التطوير الاستراتيجي strategic development

b. Weighted Least Squares Regression - Weighted by الموزون

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.249 ^a	.062	.042	1.214

a. Predictors: (Constant), الحوكمة

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.674	1	4.674	3.171	.081 ^c
	Residual	70.738	48	1.474		
	Total	75.412	49			

a. Dependent Variable: التطوير الهيكلي structural development

b. Weighted Least Squares Regression - Weighted by الهيكلي التطوير

c. Predictors: (Constant), الحوكمة

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.105	7.643		2.107	.040
	الحوكمة	.242	.136	.249	1.781	.081

a. Dependent Variable: التطوير الهيكلي structural development

b. Weighted Least Squares Regression - Weighted by الهيكلية التطوير

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.150 ^a	.023	.002	1.285

a. Predictors: (Constant), الحوكمة

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.836	1	1.836	1.112	.297 ^c
	Residual	79.273	48	1.652		
	Total	81.110	49			

a. Dependent Variable: التطوير البشري human development

b. Weighted Least Squares Regression - Weighted by البشري التطوير

c. Predictors: (Constant), الحوكمة

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.012	3.407		2.352	.023
	الحوكمة	.065	.061	.150	1.054	.297

a. Dependent Variable: التطوير البشري human development

b. Weighted Least Squares Regression - Weighted by البشري التطوير

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.334 ^a	.111	.093	1.273

a. Predictors: (Constant), الحوكمة

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.733	1	9.733	6.008	.018 ^c
	Residual	77.764	48	1.620		

Total	87.497	49			
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a. Dependent Variable: human resources management

b. Weighted Least Squares Regression - Weighted by البشرية الموارد ادارة

c. Predictors: (Constant), الحوكمة

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.060	4.318		2.098	.041
	الحوكمة	.189	.077	.334	2.451	.018

a. Dependent Variable: human resources management

b. Weighted Least Squares Regression - Weighted by البشرية الموارد ادارة

Regression Between Governance and Organizational Development

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	278.024	1	278.024	10.130	.003 ^b
	Residual	1317.356	48	27.445		
	Total	1595.380	49			

a. Dependent Variable: التنظيمي التطوير

b. Predictors: (Constant), الحوكمة

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	29.826	16.353		1.824	.074
	الحوكمة	.940	.295	.417	3.183	.003

a. Dependent Variable: التنظيمي التطوير

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.417 ^a	.174	.157	5.23879

a. Predictors: (Constant), الحوكمة

b. Dependent Variable: التنظيمي التطوير

Summary

This study aimed to investigate the impact of governance mechanisms on organizational development within Algerian public economic enterprises, recognizing the critical role these entities play in the national economy, both internally and externally. As strategic enterprises of considerable importance to economic dynamics and development, the research sought to analyze the current state of corporate governance and organizational development within these organizations.

The study was conducted on a sample of 50 public economic enterprises located in central and western Algeria. In alignment with the study's objectives and the nature of the posed questions, the researcher focused on four functional categories as the sample: executive directors, board members, and internal auditors.

To facilitate this, a questionnaire comprising 85 items was developed, organized into three sections: the first addressing personal demographics, the second concerning corporate governance, and the third focusing on organizational development. The research employed a descriptive methodology aimed at examining the phenomenon, as it exists in practice and providing a precise characterization of its attributes.

The findings indicated that Algerian enterprises adhere, to a certain extent, to corporate governance principles and actively pursue development through four organizational development approaches. Furthermore, the study concluded that the application of corporate governance mechanisms exerts a strong positive influence on achieving organizational development within Algerian public economic enterprises.

Key Words: Governance, Performance Development, Organizational Development, Algerian Public Enterprises, Performance, Development

الملخص:

هدفت هذه الدراسة إلى تحديد أثر تطبيق آليات الحوكمة على التطوير التنظيمي بالمؤسسة الاقتصادية العمومية الجزائرية نظرا للدور الهام لهذا النوع من المؤسسات في الاقتصاد الوطني على المستوى الداخلي والخارجي، باعتبارها مؤسسات استراتيجية ذات أهمية كبيرة في حركية الاقتصاد والتنمية ومحاولة الكشف عن واقع حوكمة الشركات والتطوير التنظيمي في المؤسسات الجزائرية.

تم تطبيق الدراسة على عينة مكونة من 50 مؤسسة اقتصادية عمومية موزعة بوسط وغرب الجزائر، وبناءا على موضوع الدراسة وأهدافه وطبيعة الأسئلة المطروحة فقد استهدفت الباحثة أربعة أصناف وظيفية كعينة للدراسة وهم: المدراء التنفيذيون، أعضاء مجلس الإدارة، المدققون الداخليون.

من أجل ذلك تم بناء استمارة تحتوي 85 سؤال موزعا على ثلاث محاور، المحور الأول متعلق بالبيانات الشخصية، المحور الثاني متعلق بحوكمة الشركات، والمحور الثالث متعلق بالتطوير التنظيمي، كما اعتمدت الدراسة على المنهج الوصفي القائم على دراسة الظاهرة كما هي في الواقع ووصفها وصفا دقيقا بإبراز خصائصها. خلصت الدراسة إلى أن المؤسسات الجزائرية تخضع إلى حد ما لمبادئ حوكمة الشركات كما وتسعى لتطوير نفسها عبر المداخل الأربعة للتطوير التنظيمي، خلصت الدراسة أيضا أن لتطبيق آليات حوكمة الشركات أثر إيجابي قوي على تحقيق التطوير التنظيمي في المؤسسة الاقتصادية العمومية الجزائرية.

الكلمات المفتاحية: الحوكمة، تطوير الأداء، التطوير التنظيمي، المؤسسات الاقتصادية العمومية، الأداء،

التطوير