GOOD CORPORATE GOVERNANCE PRACTICES: TOWARDS MANAGEMENT BY RESULTS

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Abstract
Corporate governance is now one of the topics to be debated in management science research. Since governance is evolving, this is why companies are constantly defining practices and ethics based on principles of good governance.
The Codes of Good Governance Practice appear to be a powerful tool for understanding all the latest developments in corporate governance practice, and the principles of good management and transparency.
Any economic, social and political reform must necessarily go through the establishment of codes of good governance practices, favoring management by results, and which are adapted to the modes and specificities of the socio-economic context of the countries.

Keywords: Corporate governance, principles, good practices, reform, management by result, socio-economic context
**Introduction :**

The last two decades have seen the creation of a new mode of power and global governance, and this to face a complexity essential component of globalization characterized by a free movement of monetary flows and production goods, this new trend weakened the power of states, to the detriment of the laws of the market, the only ones capable of ensuring an optimal allocation of resources.

To cope with these changes, global governance has played a key role in pushing organizations to structure themselves for better decision-making and an equitable distribution of powers.

Also, the concept of corporate governance responds to and analyzes the various mechanisms likely to resolve these conflict issues. It is made up at the base of several theoretical currents of business economics, namely contractual theories of organizations (agency theory, the theory of property rights, etc.) and theories based on skills.

In this research paper, we present the framework for analyzing corporate governance. We therefore respond to the problem: "What are the best practices of corporate governance likely to ensure the efficiency of activities? ".

To answer this research question, we will study in this article, the theoretical approaches of corporate governance, as well as the principles and codes of good practices of corporate governance to be implemented to guide the powers held by each. Stakeholders in a spirit of sustainable value creation.

**1. Theoretical approaches to corporate governance**

The concept of "corporate governance" has been a new management reality for several years. The origin of this theme can be found in the analysis of Berle and Means (1932). It took root with the scandals of the years 1990/2000 manifested by
the fall of Enron, Worldcom…, and which showed the perverse effects of the globalization of markets.

It appeared, in the first place, as a standard of behavior for managers or members of the board of directors allowing them to protect themselves against a legal challenge to their responsibilities by the shareholders.

Corporate governance is concerned with the general concern of governance, which aims to set rules of behavior for stakeholders. It aims to bring more balance and transparency in the distribution of power and in the involvement of all hierarchical levels in the management of a company, it is often mentioned and singled out when there is a problem of performance.

There are many definitions of corporate governance. That of Peter DRUCKER (1997) seems to us to be one of the most comprehensive and comprehensive: For Drucker (1997), “Corporate governance consists in developing and respecting rules which guide the conduct of those who act in the name of the company1 », It defines all of the company's guidance and management, control and evaluation mechanisms.

Corporate governance is primarily the responsibility of the board of directors. These are the directors and the shareholders in conjunction with the operational managers. The directors are chosen by decision of the general meeting. Good governance is not just a question of good structure, but of good practices, which we will try to develop further afterwards.

For Charreaux, the set of theories dominating studies and reflections on corporate governance fall within the perspective of efficiency. According to him, the evolution of theoretical perspectives reveals several approaches to governance: disciplinary, partnership, cognitive, behavioral.

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1 Raouf Jaziri & Thierry Levy-Tadjine, Extract from the Lebanese journal of management and economics, Agreements and Acadepreneurship at the heart of university governance
1) The disciplinary vision of governance is based on the theory of the agency and the asymmetry of information between managers and stakeholders in the firm. In this context, governance mechanisms aim to discipline and control leaders.

2) The partnership approach to governance invites the company to broaden the scope of stakeholders, Charreaux explains the notion of stakeholders: “the stakeholders present all the agents whose usefulness is affected by the decisions of the firm”. Several authors stick to contractual stakeholders who are shareholders, employees, customers, suppliers and creditors. This governance approach is suitable for public enterprises and organizations other than businesses.

3) Cognitive and behavioral approaches have made it possible to better understand the behavior of actors and the functioning of governance bodies, and which are based on a different analysis of the creation of value based on the notions of knowledge and competence. These two visions are completed by taking into account the behavioral dimension associated with biases affecting managerial decisions.

The principles of governance aim to help those responsible for public and private action to assess and improve the legal, regulatory and institutional framework, organizing corporate governance in order to promote economic efficiency and sustainable growth.

There is no single model of good corporate governance. Nevertheless, certain common elements condition the quality of governance. The principles build on these common elements and are stated to cover the different existing models. They are not binding and do not aim to give detailed requirements to be transposed into national laws. Rather, they are intended to set goals and suggest different ways to achieve them.
Indeed, each company or organization must itself define the rules it will follow to implement good governance. However, good governance is built on the basis of recognized and universal principles.

According to the explanations put forward by Richard Drouin\(^2\), eight governance principles to respect:

- The independence of directors: The members of the board of directors of a company have the responsibility to see the well-being and the sustainability of the company.

- Integrity: The board must ensure that the company and all of its officers comply with the laws and rules in force.

- Accountability: Directors are accountable to shareholders, as well as to “stakeholders” - the public, customers, suppliers and the community.

- Strategic planning: The board must question and discuss the strategic plan designed and proposed by the management of the company with a view to approving the final version.

- Transparency: Companies can no longer be satisfied with communicating only with shareholders. They must now be open and transparent with all stakeholders, including the public, its customers and suppliers and the community.

- Fairness and Balance: Gone are the days when a board of directors brought together family members and friends of the leader. Directors must be representative of the shareholders and stakeholders.

- Respect for the environment: Legislation has become very strict with regard to the environment. Good governance takes into account the responsibility of the

\(^2\) Mr. Richard Drouin, Legal Counsel, McCarthy Tétrault
company and the board must remain well aware of the evolution of the obligations of the company in this area.

Flexibility: The principles, concepts and good practices of governance must be flexible according to the characteristics of each company. These principles must therefore be adapted to the context of the companies.

In short, any company must opt for governance that stands out and that is recognized for its efficiency, independence and rigorous control. So what is the purpose and role of codes of good practice in corporate governance? What application of these codes in Morocco and other countries?

2. Codes of good practice in corporate governance

Codes of good practice in corporate governance are only one element of the legal framework for companies. They can nevertheless take several forms: they are applicable to a particular group of companies, or relate to a specific aspect of corporate governance, such as the practices of dissemination of information or the functioning of boards of directors.

The objective of these codes is to define recommendations in terms of organization and transparency of companies in order to obtain the best compromise between supervision and efficiency of their senior management. These non-binding recommendations aim to improve and help governance practices.

To restore investor confidence and foster the investment climate, codes of good practice in corporate governance have been adopted as a way to introduce international standards and adapt them to a local context.

(1997), Spain (1998), Belgium (1998), Greece (1999), Italy (1999), Portugal (1999), Finland (2000), Germany (2000), Denmark (2001), Austria (2002) and Switzerland (2002), and also African (Morocco (2008),... ...). The development of these codes was also encouraged by the publication of the “OECD Principles of Corporate Governance” in 1996.

These concepts and recommendations were established on the basis of empirical results and discussions in expert groups. They therefore generally propose rules to be followed in terms of organization and transparency at the level of the board of directors, executive compensation, shareholder rights, the role of auditors, etc.

Codes of good corporate governance practices appear to be non-binding recommendations, which aim to improve governance practices within a legal framework dealing with specific issues corresponding to a particular country. To restore investor confidence and foster the investment climate, codes of good practice in corporate governance have been adopted as a way to introduce international standards and adapt them to a local context.

In this sense, we can distinguish several types of codes of good practice in corporate governance:

- For generic business activities:

Very few governance codes cover all commercial activities, which makes it necessary to develop a code of a more general nature that could possibly include the economy as a whole, and not only that based on the case of companies listed in stock Exchange. One of the countries that attempts a holistic approach to all commercial activity is South Africa by the two King reports (1994,2002).

- For listed companies:

3 All the current codes can be obtained from the website of the European Corporate Governance Institute (http://www.ecgi.org) and a summary of these codes and the principles in force in OECD countries can be found can be found on the OECD website (Corporate Governance, Overview of OECD Countries, 2004).

4 The governments of the 30 OECD member countries approved a revised version of the OECD Principles of Corporate Governance in 2004.
The United Kingdom has one of the most sophisticated codes in the world, because this country has a developed and active capital market, China is also part of the same model.

The country with the largest capital market in the world - the United States - has never formally adopted a national code of good corporate governance practices.

- For specific activities:

There is also as a classification the codes of specific corporate governance concerning specific activities such as banks, public enterprises or SMEs. These codes are more operational and cover issues that are not usually addressed in codes based on existing principles.

They are more attractive for low-income countries or countries where few companies are listed on the stock exchange. Many countries, for example, are currently considering developing codes for their state-owned enterprises using international benchmarks recently developed by the Organization for Economic Co-operation and Development (OECD).

Finally, there are codes of good practice that relate to specific aspects of corporate governance, such as board of directors' or information dissemination practices, they are generally more detailed and can be very useful when considering and improving more comprehensive codes of best practice.

In the case of Morocco, and like several developed countries, it was therefore important to promote a Moroccan Code of Good Corporate Governance Practices based on principles of good management, transparency and ethical standards.

The various political and economic events have pushed the financial centers to improve the protection of shareholders, in order to preserve or improve their competitive position. This pressure is reflected in the establishment of a code of good practice on corporate governance.

Indeed, in February 2007, a national “Corporate Governance” commission took charge of the development of a Moroccan Code of Good Corporate Governance
Practices. This Commission, made up of actors from the Moroccan public and private sectors, and experts in corporate governance in Morocco, is committed to the success of this ambitious project.

This code was adopted in 2008, it is the result of joint work by several official and professional bodies between the private and public sectors (Ministry of Finance, CGEM, Bank Al-Maghrib, ANPME, etc.), who have drawn up this code. on the basis of international benchmarks and on the principles of Corporate Governance of the OECD while adapting to some specificities of the Moroccan economic fabric.

Also, it is aimed at all companies concerned with increasing their performance and their value in a sustainable manner, it is based above all on the legal and regulatory provisions which must be strictly observed, it constitutes a collection of guidelines and additional recommendations to the law and regulations\(^5\).

In March 2012, we were able to attend the launch of the Moroccan Code of Good Governance Practices for EEPs, “the code thus constitutes the 3rd annex to the 'Moroccan code of good corporate governance practices' or 'general code' launched in March 2008, followed by the annex specific to SMEs and family businesses and the one reserved for Credit Institutions launched in December 2008 and June 2010 respectively”\(^6\).

In addition, this code is based above all on the legal and regulatory provisions which must be strictly observed, it constitutes a collection of guidelines and recommendations complementary to the law and regulations. Its objective is:


\(^6\) Extract from the intervention of Mr. Horani, ex-president of the CGEM, Rabat, on MARCH 21, 2012 at the launching ceremony of the Moroccan Code of good governance practices of companies and public establishments.
- To improve the performance and competitiveness of companies and increase long-term value thanks to the efficiency and quality of its governance bodies (Board of Directors, Supervisory Board, Board of Directors, etc.).
- To optimize access to financing and the cost of capital.
- To consolidate relations with stakeholders through compliance with the laws and regulations in force (stock market law, labor law, company law, commercial law, etc.), to strengthen the confidence of national and international investors and funders.

The Moroccan Code of Good Practices in Corporate Governance has reorganized the business world, by establishing ethical standards and safeguards to consolidate confidence in business. And also, to restructure the public and private sectors in order to promote good governance practices, which will make it possible to inculcate a project culture based on the most rigorous management rules and also will establish the primordial trust between all the actors. All these ingredients are the basis of the creation of value, wealth and economic growth through the promotion of investment.

3. Some international experiences in the field of good governance

Several theoretical and empirical analyzes have been initiated to situate governance in Morocco with other developed or developing countries.

Among these studies which situate the Moroccan experience, we can cite that relating to the IPD indicator\(^7\) published by the Department of Studies and Financial Planning (DEPF) in April 2018, considering governance as a key lever that promotes sustainable economic growth. This is confirmed by the experience of South Korea's Asian dragon and Chile in Latin America.

\(^7\)IPD: Institutional Profiles Database: provides an original measure of the institutional characteristics of countries by proposing composite indicators developed from perception data. It was designed to facilitate and stimulate research on the relationship between institutions, long-term growth and development.
South Korea: best practices in economic and institutional development

South Korea is a country that constitutes a typical development model. Indeed, it has managed to improve its position in terms of governance, by joining the reference group of countries with a high level of governance. Indeed, this Asian dragon is among the countries where the proper functioning of institutions is ensured through the application and respect of formal rules, relating in particular to the efficiency of the functioning of public administration and justice, as well as "social cohesion and mobility and the security of transactions and contracts.

According to the same study, A comparison of the scores attributed to South Korea at the level of the IPD databases for the years 2009 and 2016, highlights the notable progression of the position of South Korea, between these two dates, at the level of the majority of institutional indicators:

- The freedom to operate financial markets by reducing the intensity of government intervention in the banking market;
- The encouragement of institutional or informal microcredit;
- Respect for labor law;
- Consolidation of relations with the outside world by increasing the opening up of the financial system to the outside world;

Similarly, Morocco’s rating for a few indicators shows its convergence towards that of South Korea, namely:

- Security of transactions and contracts in the labor market;
- The importance of microcredit;
- The free functioning of the capital market;
- The security of transactions and contracts ensuring the reliability of accounting information on banks, the efficiency of bank guarantee systems and the transparency of information on listed companies;
- Market regulation (financial sector) and social dialogue;
✓ Chili : political and financial transparency model

Chile's economy is the most developed and one of the most economically stable in Latin America. Through the IPD indicator, this country is in a comfortable position. Indeed, and according to the same study piloted by the DEPF, between 2009 and 2016, Chile was able to improve its rating in terms of institutional indicators linked, essentially, to the freedoms of the functioning of financial markets, of movement of people and of information, the functioning of the goods and services market, the security of transactions and contracts at the level of the labor market, financial openness, coordination of actors, strategic vision at the level of the capital market as well as " in terms of vocational training.  

✓ Algeria : Elaboration the First Corporate Governance Code

Like Morocco, Algeria took advantage of the holding of the Forum of Heads of State and Government of the African Peer Review Mechanism during its 7th session held in Accra, Ghana, on July 1, 2007, for the implementation of the National Action Program on Governance, resulting from the evaluation process. This initiative shows the will of this country to establish good governance in all registers of political, economic, social and cultural activities. Also, Algeria has adopted its first Corporate Governance Code. It is the result of a private initiative, supported by the public authorities, through the Ministry of SMEs and Handicrafts. The state wants by this code the establishment of a free and voluntary approach, in order to introduce a maximum of rigor and transparency in the management,

Through a process of good governance, this code will allow Algerian companies to understand the fundamental principles of corporate governance and to initiate a process, with a view to integrating these principles.

- Better readability, therefore an increased capacity for anticipation ;

8 DEPF Studies: Governance, institutional quality and economic development: What lessons for Morocco? April 2018
9 Business leaders forum in Algeria
- An image imbued with trust and reliability with third parties;
- Increased attractiveness of scarce resources, particularly financial and human;
- And finally more operational performance and strategic perspectives;

Conclusion:

In Morocco, and despite the progress and efforts undertaken to strengthen governance, both public and private, the dynamic analysis of the IPD database, and the comparisons made, show some regressions and shortcomings. There is still a long way to go for Morocco, compared to pioneer countries in terms of public or private governance.

The recognition of principles and codes of good practice and the evaluation of governance practices steered by evaluation bodies as well as the publication of periodic reports will often of peer.

Of course, good governance based on the implementation of codes of good governance practices as well as their institutionalization is sometimes difficult to set up, because we are confronted between an ideal world and a real one.

To succeed in this project, it is necessary to carry out an integrated and systemic reflection and vision in accordance with transversal and institutional managerial rules guaranteeing complementarity between the main actors.
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