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Governance of public enterprises: Qualitative literature review

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ABSTRACT

Public enterprises and institutions contribute continuously to the development and economic growth of our country, which is why the governance of Moroccan public enterprises occupies a major place in the broad economic and social strategic orientations and perspectives of the Moroccan Government. In this research study, we have deployed a conceptual and theoretical framework with an important systematic examination through empirical work to explain the concept of public enterprises. In addition, this article aims to present the results of a review of theoretical and empirical literature, of the systematic examination, to draw up an overview of the academic work on the governance of public enterprises to understand the trend of research paths on this subject, on the basis of a sample of 13 references on the governance of public enterprises of the period between 2013-2024. Indeed, this review of the literature resulting from scientific articles on the subject of the governance of public enterprises, makes it possible to clarify the particularities of this field. This scientific article makes it possible to shed light on all the particularities of the governance of public enterprises, as well as to build new research perspectives for new academic studies at national and international level in the field of management sciences.

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Introduction

Historically, the English expression for Corporate Governance is an old one. It appeared more than a century ago in parallel with the development of modern capitalism in the Anglo-Saxon countries. In addition, this concept of corporate governance covers the organization of links between shareholders, directors and managers of the company. Its content has undergone a major change, particularly with the emergence of the different phases of capitalism and has recently expanded to study the relations of managers with all the stakeholders of the company. To this end, corporate governance is of great interest to society because it affects all sectors of the company's activity in particular and the country's economy in general. Indeed, it affects companies' investment decisions, which in turn will affect jobs and economic growth in countries.

In addition, several measures have been taken by several developed countries to improve financial transparency and governance in state-owned enterprises. These include the implementation of the Sarbanes-Oxley Act in the US in 2002, the New Economic Regulations Act (NRE) in 2001, the Financial Security Act (FSA) in 2003, and the Economic Confidence and Modernization Act in 2005. These various laws are mainly aimed at introducing new financial and accounting auditing standards and at managing conflicts within companies, in particular between shareholders and managers, by reducing information asymmetries, by means of a better transparent process for the circulation of financial and non-financial information within companies.

Similarly, Morocco since the last constitutional reform in 2011 has committed itself to a series of far-reaching reforms aimed at improving corporate governance mechanisms, particularly in the public sector, through the introduction of the code of good governance practices for Moroccan public institutions and companies, as well as strengthening the role of the External Auditor in improving the principles of corporate transparency and governance, in accordance with the provisions of Law 17-95 on public limited companies.

At the intersection of these research perspectives set out above through the literature review, we were able to define our central research issue. This can be formulated as follows: what are the latest theoretical and empirical developments in the concept of the governance of public enterprises?

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In this article, we will first see an enriching literature review on the theoretical linkages of the concept of governance of public enterprises, as well as a theoretical literature review and a qualitative literature review to better define our field of research.

Conceptual and Theoretical Framework for Research

In this context, we will see the definition of our key research concepts, through the definition of public enterprises, corporate governance, and theories mobilized during this research study.

1. **EP definitions: Heterogeneity as evidence of the non-existence of a universal definition**

   According to Sébastien Brameret (2014) in the *Dictionary of Public Administration*, public enterprises are defined as "extensions of public persons, entrusted with the management of economic activities sometimes having the appearance of public service activities." These entities, often referred to as public sector enterprises, embody the willingness of public authorities to intervene directly in the economic sphere by assuming control over various market activities, potentially with profit-making objectives. Charreaux (1997) further elaborates that a public enterprise is characterized by two key features: on one hand, the State or public authorities play a decisive role in residual decisions, particularly through the appointment of directors and granting them varying degrees of decision-making autonomy regarding strategic options; on the other hand, the State holds majority ownership of residual gains. The French National Institute of Statistics and Economic Studies (INSEE, 2019) defines a public enterprise as one over which the State exercises direct or indirect dominant influence via ownership or financial participation, specifically through holding a majority of the capital or the voting rights attached to shares. Complementing this, the OECD (2015) provides a broader definition, describing public enterprises as entities in which the State exercises significant control, whether as the sole shareholder, a majority shareholder, or a significant minority shareholder.

2. **Corporate Governance:**

   The concept of corporate governance does not have a single universally accepted definition, as it encompasses diverse perspectives depending on the framework considered. The most widely recognized definition originates from the Cadbury Report (1992), which defines corporate governance as "the system by which companies are run and controlled." This definition emphasizes how governance structures distribute rights and responsibilities among the various participants within a company, including the Board of Directors, managers, shareholders, and other stakeholders. Shleifer and Vishny (1997) offer a complementary perspective, defining corporate governance as the mechanisms through which providers of capital ensure the profitability of their investments. Their definition underscores the goal of protecting shareholders' interests from managerial opportunism, enhancing executives' accountability, and ensuring financial transparency. Charreaux (1996) further elaborates on this by defining corporate governance as encompassing all mechanisms that delineate managerial powers and influence their decision-making, effectively "governing" managerial conduct and defining their discretionary space. This highlights the crucial role of governance in regulating managerial discretion to safeguard the interests of resource providers, optimize wealth creation, and guarantee transparency within the company.

3. Theories mobilized in corporate governance:

3.1 The agency theory

Jensen & Meckling (1976) Define the agency relationship *"as a contract whereby one (or more) person (principals) engages another person (agents) to perform on their behalf any task that involves the delegation of some decision-making authority to the agent."*

This type of relationship is problematic because of the divergence of interests and information asymmetry between the two investor/manager parties. Thus, there is a risk of opportunism on the part of the manager and the agency costs associated with this type of relationship that are borne by the principal.

3.2. The theory of property rights:

Property-rights theory is a neoclassical approach to institutions.

It is a theory developed by Berle and Means in 1932 through the publication of a book called "The Modern Corporation and Private Property." This publication defines the rights of economic use of resources, goods, the scope of use and the degree of respect for rights within the company. Similarly, according to Demsetz (1967), property rights are a means "for individuals to know what they can reasonably expect in their relationship with other members of the community."

In corporate governance, this theory allows owners to exercise their right to control the company's managers through mechanisms that enable them to align and direct the managers' interests toward creating shareholder value and preserving ownership of the company's financial capital.

3.3 Stakeholder theory:

This theory presents the company as a node of contract between the different stakeholders that are likely to guide or orient the strategic paths and decisions of the company since they have a right of access to information within the company. In addition, a stakeholder can be defined as *"any group or individual that can influence or be affected by the achievement of the organization's objectives"* (Freeman, 1984). Stakeholders thus comprise all groups with a legitimate interest in participating in the organization (Donaldson and Preston, 1995).

Research methodology

The qualitative approach is a rigorous and structured research method grounded in a holistic vision. It aims to explore a specific phenomenon in depth by focusing on its underlying processes and meanings rather than on quantifiable measures. As such, it provides valuable insights into the "why" and "how" of a given issue (Dumez, 2011).

While its application in management sciences remains relatively recent compared to its longstanding use in the humanities and social sciences, qualitative research has experienced notable growth in this field. In this regard, Garcia and Gluesing (2013) report a significant rise in the number of management science publications employing qualitative methodologies over the past decades. This trend not only reflects the growing recognition of the approach but also underscores its capacity to adapt to and enrich the understanding of complex managerial phenomena.

To deepen our understanding of the concept of governance of public enterprises, we conducted a qualitative literature review based on peer-reviewed academic research. Specifically, we carried out a systematic analysis of references indexed in the Scopus database. This process initially yielded 333 publications, of which 13 were retained after a rigorous selection protocol.

The figure below presents the filtering and sampling process used to build our final corpus. The review covered publications from the period 1995 to 2025, providing a comprehensive temporal scope for our study.

Figure 1: The filter and sample design protocol:

Source: Scopus

This selection process was guided by the mobilization of inclusion/exclusion criteria, in order to ensure a certain representativeness of contributions in the field of governance of public enterprises. The table below illustrates the protocol for the constitution of our sample.

Table 1: The table of elements and criteria for inclusion in our sample:

Elements	Inclusion criteria	Exclusion criteria
Nature of the document	Journal articles Conferencing Articles	Books, memoirs, doctoral theses
Source Quality	Articles from the scopus database	References off topic and context
Objective	Studies exploring existing literature and/or proposing analytical models	Other

	and indicators for measuring Governance of public enterprises	
Methodological approach	Literature reviews, qualitative or quantitative studies	Other
Content	Originality of research work	Content redundancies in
Tongue	Publications in language English only	Other languages
Free access	Choice of free-to-use items only	Exclusion of other modes of access
Period	2013-2024	-

Source: Self-Design

During this study, we conducted a systematic examination based on textual, methodological, geographical, and chronological analysis, in order to better understand the research concept studied.

Results and Discussions

In this section, we present the results of our theoretical and systemic research study, based on the review of qualitative literature, in order to cope with the complexity of the research concept studied.

i. Text Analysis

Text-based analysis is a process of studying, interpreting, and evaluating a corpus. This qualitative technique seeks to understand how the author was able to construct his reasoning by analyzing the terminology used by the latter. MESBAHI et al. (2024)

The scope of this technique is quite broad and includes a multitude of conceptual, theoretical, and practical aspects. MESBAHI et al. (2024). In fact, the focus is on analyzing the keywords deployed by the authors at the level of the summary, with the aim of identifying the terms that are most often used in the field of governance of public enterprises.

The table below illustrates the results of our query on the frequency of keywords:

Table 2: Analysis of Corporate Governance Keywords:

Keywords	**Occurrence (in number of references)**
Corporate Governance	6
State-Owned Enterprises	9
Governance Approach	4
Public Corporate Governance	2
Board Size and Public Ownership Structure	1
Audit Committee	1
Board Resource Variety	1

Source: Authors

The keyword analysis reveals a clear predominance of the term Corporate Governance, indicating its central role in the literature examined. Closely associated with the concept of State-Owned Enterprises, two additional terms—Governance Approach and State-Owned Enterprises—also emerge with high frequency, underscoring their relevance within the thematic scope of our study.

Conversely, other keywords appear less frequently, suggesting more peripheral or emerging areas of interest. In particular, Board Size and Public Ownership Structure, Audit Committee, and Board Resource Variety are among the least cited terms in the body of literature analyzed. This disparity highlights a concentration of scholarly focus on overarching governance frameworks, while more specific governance mechanisms receive comparatively limited attention.

Methodological Analysis

In our methodological analysis, particular attention was paid to the research methods employed by the various authors. This involved a detailed examination of the methodological choices, techniques, and procedures applied in each study, which ultimately shaped their respective findings and conclusions.

To facilitate this analysis, we classified the selected references according to five distinct methodological approaches, as outlined by Bentalha et al. (2020):

- Literature Review: A method aimed at collecting, examining, and synthesizing a body of existing scientific work on a specific topic, with the goal of establishing the current state of knowledge.
- Hypothesis Testing: An approach grounded in the formulation and empirical testing of hypotheses, most often relying on quantitative data and statistical tools.
- Exploratory Study: A methodology used to gain initial insights into a phenomenon that has not yet been extensively studied, with the objective of enriching theoretical understanding and suggesting avenues for future research.
- Case Study: A qualitative approach that allows for an in-depth examination of a particular phenomenon within a specific context, typically using rich, contextualized data.
- Normative Study: An analytical approach guided by social norms, principles, or values, aimed at evaluating a phenomenon from a prescriptive standpoint—that is, identifying what ought to be.

The following table summarizes the results of our analysis by indicating the methodological approaches adopted by the authors in the reviewed studies

Table 3: Methodological analysis of research on the governance of public enterprises:

Methods of research	Review of literature	Testing of assumptions	Study exploratory	Study of case	Total
Number of references	3	8	1	1	13
Distribution (%)	23%	61%	8%	8%	100%

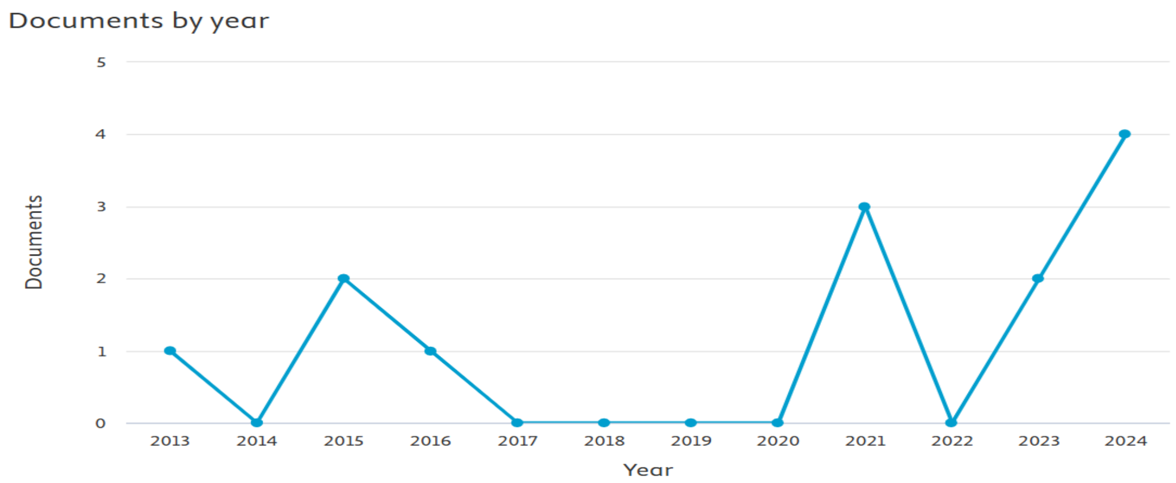
Source: Authors

The methodological analysis of our sample raises a variety of approaches. On the basis of the 13 references processed, we found that the majority of the work (61%) is based on hypothesis testing. Similarly, the literature review accounts for a considerable share of 3 articles, or 23% of the total number of references.

Timeline analysis

The chronological analysis examines how research on a subject evolves. This qualitative approach is a benchmark for the reader in that it allows him to identify trends and changes in the field of governance of public enterprises over a given period of time. MESBAHI et al. (2024)
For this purpose, we have chosen a time interval of three years, as shown in the table below.

Figure 4: Chronological Analysis of Research on Governance of Public Enterprises:



Source: Scopus

Based on the data presented in the table, we have constructed a graph illustrating the evolution of research on the governance of public enterprises over the years. Notably, the year 2024 stands out as a reference point, marked by a significant intensification of research activity in the governance of public enterprises. This surge is followed by 2021, which also shows a considerable increase in research output. In contrast, the period from 2017 to 2020 is characterized by a relatively limited volume of research in this area. The table below summarizes the chronological evolution of research on the governance of public enterprises from 2013 to 2024.

Table 4: Chronological analysis of research on the governance of public enterprises

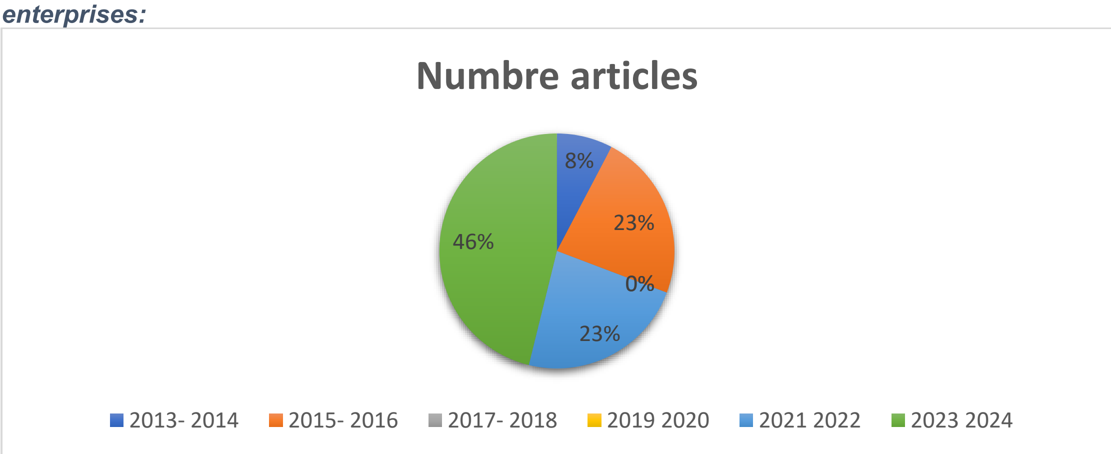
Periods	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
em Count	1	0	2	1	0	0	0	0	3	0	2	4	13

Source: Authors

After determining the criteria for inclusion and exclusion, we see from this table that the number of articles published worldwide in the area of SOE Governance has increased from 1 article for the period 1994-1996 to 13 articles for the period 2013-2024, which shows that there is a significant evolution in the level of development of this concept worldwide.

We also see that in 2024, the number of scientific articles increased according to this table by 4 articles.

Figure 5: Number of articles published in the period 2013-2024 on the governance of public enterprises:



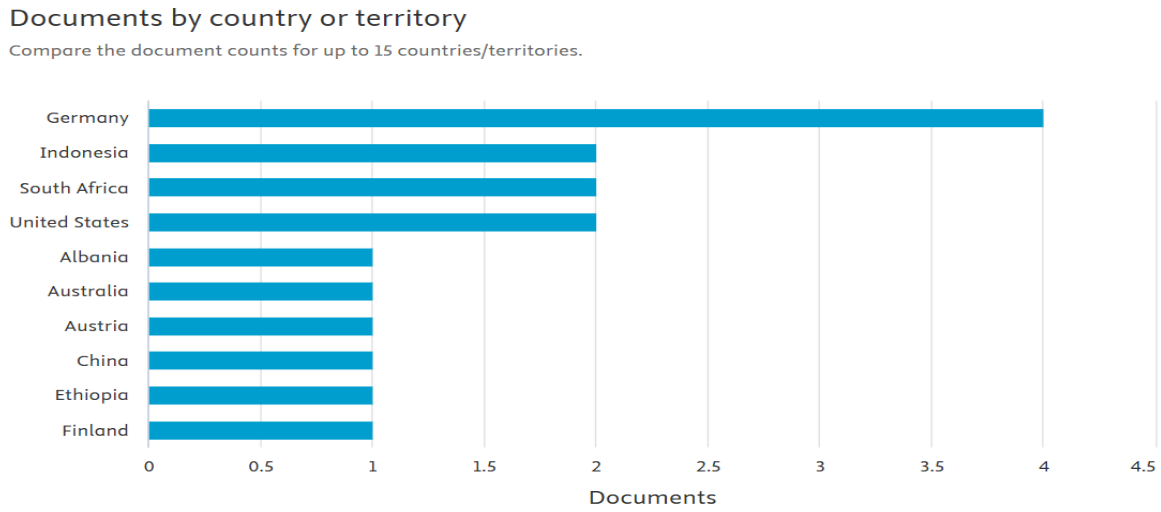
Source: Self-Design

According to this figure, 46% of articles are published in the period between 2023-2024, in contrast to 8% of articles published in the period between 2013-2014.

Geographic Analysis

Geographical analysis of the scientific articles drawn from the Scopus database has given us a general idea of where this concept has been developed and disseminated throughout the world. To this end, we have chosen this graph to show the countries where this concept is well developed, as shown in the table below:

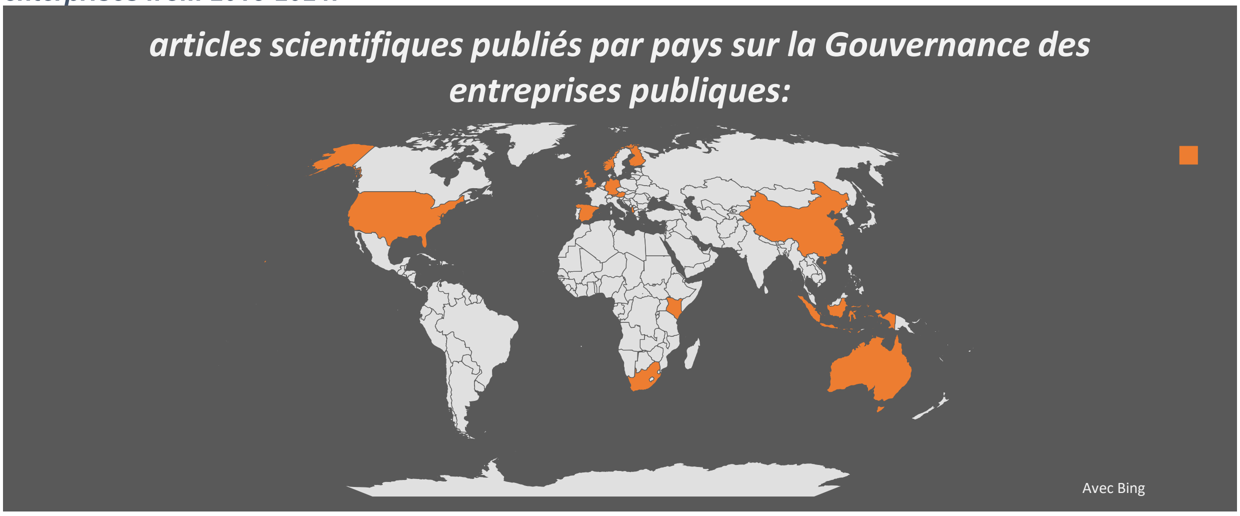
Figure 6: Chronological Analysis of Research on Governance of Public Enterprises



Source: Scopus

From this table, we see that Germany and Indonesia are the two countries with the highest number of scientific publications in the field of SOE Governance, followed by South Africa and the United States. For example, the figure above shows the dispersion of scientific papers published by country on the Governance of State-Owned Enterprises from the period 2013-2024.

Figure 7: Dispersal of scientific articles published by country on the governance of public enterprises from 2013-2024:



Source: Self-Design.

According to this figure, we can see the dispersion of scientific articles around the world, especially in the area of SOE Governance from 2013-2024.

Discussions

Corporate governance remains a central concern for business leaders, grounded in principles such as transparency, accountability, and stakeholder trust. However, its definition is complex and influenced by diverse factors, perceptions, and contexts. A qualitative literature review by Benzbir and Hamdaoui

(2023) offers a structured and comprehensive analysis of major scientific contributions on the topic, revealing significant fragmentation in research and identifying important gaps. Their study emphasizes two key governance mechanisms: the board of directors, focusing on composition, size, diversity, and duality, and ownership structure, including concentration, managerial, family, and employee ownership. Notably, most existing research adopts a quantitative approach, with fewer studies employing qualitative or mixed methodologies. Consequently, Benzbir and Hamdaoui advocate for more contextualized future research, especially in underrepresented regions such as Africa, and recommend integrating new theoretical perspectives, such as psychosocial and behavioral approaches, alongside qualitative methods to deepen understanding of governance practices. Our study corroborates these findings, highlighting a growing interest in state-owned enterprise (SOE) governance but also noting that existing literature is largely dominated by European, Asian, and American contexts. This imbalance reveals a research gap in environments like Morocco, presenting promising avenues for future investigation. In summary, this literature review underscores the complexity and richness of corporate governance, calling for renewed approaches and broader geographic and methodological scope, thereby providing a valuable foundation for both researchers and practitioners seeking to better grasp governance challenges in public enterprises.

Conclusion

The governance of state-owned enterprises throughout the world remains a central challenge for ensuring economic and social development. While SOEs play a strategic role in many countries, including in key sectors such as energy, transport, and telecommunications, they often face major challenges stemming from political interference, lack of accountability, and financial performance that is inferior to that of the private sector.

Indeed, improved governance is possible, notably through the adoption of private sector-inspired practices (independent boards, internal control mechanisms, performance evaluation, etc.) and a strengthened regulatory framework. International best practices, such as those recommended by the OECD, emphasize the importance of a clear separation between the state's functions as shareholder and regulator, and the need to set clear, measurable, and transparent targets for SOEs

Moreover, clear, balanced, and transparent governance, distinguishing between the role of the state as shareholder and that of the regulator, is therefore essential not only for the performance of public enterprises but also to strengthen public confidence, attract investment, and ensure that these enterprises genuinely fulfill their mission of general interest.

Research Perspectives

We recommend conducting further research using a mixed research methodology, including a questionnaire for senior managers of Moroccan state-owned companies considered strategic. These entities operate in a key sector, which contributes significantly to wealth creation and the development and growth of the Moroccan economy.

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