

The socio-economic performance of the Moroccan public enterprise facing the limits of its governance

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Abstract:

Corporate governance is a subject that comes up often in academic research. However, the specific area of public enterprise has been covered to a lesser extent due to the specificities and complexities of this entity. Governance is a determining factor in the performance of any entity, in the case of the public enterprise in speaking of socio-economic performance. The mode of governance affects all the internal elements of the public enterprise and their relationship with the external environment. This makes the analysis of its governance multidimensional. This aspect highlights the internal and external challenges it faces. Indeed, the interest of identifying them is to be able to set up a mode of governance which takes into account the specificities of this public sector and especially the double obligation of economic and social performance of this type of enterprise. Alas, the governance of the public company suffers from a significant number of dysfunctions that are likely to affect its performance. So, our objective is to determine in a first stage, the limits and dysfunctions that relate to the mode of governance of the Moroccan public enterprise and, to find in a second stage, the impact of these dysfunctions on its socio-economic performance. Our empirical study, which follows a hypothetical-deductive positivist approach, has enabled us to find cause and effect relationships between the various dysfunctions of the governance of the public enterprise and the components of socio-economic performance. This impact relationship that the empirical study uncovered may explain the degree of socio-economic performance of the public enterprise.

Keywords: *Public enterprise – Corporate governance – governance dysfunctions- Socio-economic performance – limits*

Résumé

La gouvernance d'entreprise est un sujet qui revient souvent dans les recherches académiques. Or, le domaine particulier de l'entreprise publique a été couvert dans une moindre mesure en raison des spécificités et complexités de cette entité. En effet, la gouvernance est un facteur déterminant de la performance de toute entité, -dans le cas de l'entreprise publique en parle de performance socio-économique-. Le mode de gouvernance touche l'ensemble des éléments internes de l'entreprise publique et leurs rapports avec l'environnement externe. Ce qui rend l'analyse de sa gouvernance multidimensionnelle. Cet aspect met en évidence, les défis internes et externes auxquels elle est confrontée. L'intérêt de les cerner est de pouvoir mettre en place un mode de gouvernance qui prend en considération les spécificités de ce secteur public et surtout la double obligation de performance économique et sociale de ce type d'entreprise. Hélas, la gouvernance de l'entreprise publique souffre d'un nombre important de dysfonctionnements qui sont susceptibles d'affecter sa performance, ainsi notre objectif est de déterminer dans un premier temps, les limites et dysfonctionnements qui se rapportent au mode de gouvernance de l'entreprise publique marocaine et de trouver dans un second temps l'impact de ces dysfonctionnements sur sa performance socio-économique. Notre étude empirique qui suit une démarche positiviste hypothético-déductive nous a permis effectivement de trouver des relations de cause à effet entre les différents dysfonctionnements de la gouvernance de l'entreprise publique et les composantes de la performance socio-économique. Cette relation d'impact que l'étude empirique a dévoilé explique le degré de performance socio-économique de l'entreprise publique.

Mots clés : *Entreprise publique – Gouvernance d'entreprise– dysfonctionnements de la gouvernance - Performance socio-économique- limites*

INTRODUCTION

The public enterprise is a tool for defending the general interest, protecting citizens and maintaining social interdependence, it is also an economic, industrial and commercial entity.

It's "any enterprise over which the public authorities can exercise a dominant influence by virtue of the financial participation or the rules which govern it" (Bouchikhi and al., 2008)

Hence the double obligation that surrounds it: having to be efficient at the economic and social level. This notion of socio-economic performance of the public enterprise represents a great challenge in terms of governance.

"Today, almost everywhere in the world, the evaluation of the performance of public organizations has become an imperative and a necessity. This carried essentially by the New Public Management "NPM" which seeks to formulate a response to the social pressure to make good use of public funds to achieve quality services dedicated to citizens." (Moumene, Benhrimida, 2017)

Because the governance is one of the pillars of performance, it is essential in this work to analyze the governance of the public enterprise from the angle of its characteristics and specificities in order to evaluate its level of performance.

It must be said that, effectively "governing the public enterprise operating outside the rules of market is a delicate task" (Bernier, 2012), due to the lack of an appropriate methodological framework and an environment generally very resistant to anything that closely resembles or from afar to a pressure of governance but also to a certain number of dysfunctions and deviant behaviors within the public enterprise.

The study of the theories that have dealt with the subject of public enterprise or governance such as the theory of public choice, the school of public economics of Buchanan and Tullock, the theory of property rights, the theory of transaction costs, The theory of bureaucracy and rent-seeking, the theory of agency, or the Keynesian current stipulate that: the dysfunctions of the public enterprise are the cause of its lack of performance, whether these dysfunctions are related to the public shareholding or to the mode of governance.

On the basis of these theories studied, we developed a research hypothesis relating to the case of the Moroccan public enterprise (which was for a long time neglected by the scientific research). Thus, our objective is to study the governance of the Moroccan public enterprise, the dysfunctions related to it and which have an impact on the components of its socio-economic performance.

In order to carry out our study on the case of the Moroccan public enterprise, it was essential to conduct a literature review to identify the concept of socio-economic performance of the public enterprise and its mode of governance. On the basis of the different works related to these subjects, we have elaborated our book analysis which constitutes the basis of our empirical study with respect to the Moroccan public enterprise.

Thus, our work is divided into two parts: The first theoretical, in which we treated in first, the socio-economic performance of the public company. Then the dysfunctions of corporate governance to finally study the impact of the various dysfunctions of the public company on its socio-economic performance.

The second part is a practical study of the case of the Moroccan public enterprise. In this part, we started with a presentation of our scientific approach, then the results of our data analysis and finally a discussion based on these results.

I. The socio-economic performance of the public enterprise against its governance

1.1. The socio-economic performance of the public enterprise

When we talk about performance in an enterprise, we often talk about the economic and financial aspect. However, the criteria for evaluating the performance of a public enterprise are much more complex than for a private enterprise which, for its part, is regulated by the market. Indeed, “the public enterprise operating outside the market is locked in a bundle of contradictory and divergent pressures” (Voisin, 1991). Thus, it is free of its actions which only accentuates its dysfunctions and makes socio-economic performance a difficult challenge to achieve or evaluate.

For a public enterprise, “the objectives are numerous and inevitably the analysis of the performance becomes multidimensional. The performance of a public enterprise will be defined by the extent to which it fulfills the tasks assigned to it by the public authorities. These tasks are those of economic policy in its entirety. In the name of economic coherence, it is normal that all the components of the State participate in the various aspects of economic policy while respecting the principle of comparative advantages and taking into account any external constraints” (P. Pestieau and Gathon. 1992)

Indeed, the performance of a public enterprise is closely linked to the determination of the social needs to which it responds.

They constitute the basis of its activity. That said, we can fully understand the derailment of performance management that has taken place for decades within this entity

According to Lorino (1998), “the state defined the content of the social need to be satisfied, playing the role assigned to the market for competitive companies”. However, this old determination of the need for the general interest is over thanks to the awareness of the population, to environmental and international changes and to the demands of socio-economic performance: the public enterprise now has missions of efficiency, equity. and macroeconomic balance; and needs are determined on the basis of these elements.

Thus, the efficiency of the public enterprise, according to Pestieau and Gathon (1996, p.1227), is “the capacity for the enterprise to produce goods or services, with the fewest possible resources... it is not only necessary to avoid 'technical' waste but use resources and produce goods and services that bring the highest welfare to the community. ”

In addition to effectiveness, socio-economic performance can be judged on a number of variables such as efficiency, productivity, autonomy, cost control, fluidity of control, profitability, growth, Job satisfaction and the work climate. Indeed, “performance measurement is associated with the fundamental principles of effectiveness, efficiency, consistency and relevance. Furthermore, research identifies three sources of performance: the firm's strategic positioning, its resources, and the ability to implement the resources (Salgado, 2013)” (Nouiker, Komat, 2017).

To be able to partly explain the lack of visible socio-economic performance of the public enterprise (based on the evaluation of the above mentioned components) , we will determine the limits and dysfunctions relating to the governance of this entity and identify the cause-and-effect relationships that exist between the two blocks within the framework of the Moroccan public enterprise.

1.2.The limits of public enterprise governance

The main issue of governance is to ensure better coordination between the various stakeholders and the partners of the entity in question.

Thus, corporate governance refers first of all to the articulation of relations, both formal and informal, between the general management of an enterprise and its shareholders. These will define the organization's strategy, approve the budget and discuss the main issues it faces. Decision-making must take into account profitability, but also considerations of sustainable

development and social responsibility. (Simard, Dupuis and Bernier, 2006). It is therefore a question of putting in place mechanisms (protocols, conventions, contracts, standards, etc.)

intended to facilitate constructive exchanges between these stakeholders, while improving performance so that each of them fulfills its mission within the enterprise. All this while respecting the official regulations, standards and statutes established to implement the corporate governance.

According to the OECD, there are several missions and principles of good governance, such as, to develop the strategy, to define the strategic plan, to formulate the "policy" of the enterprise, to set up a type of management, to establish a process of decision, be based on transparency, traceability and accountability, the appointment of the manager, integrity, risk management, guarantee compliance with legal, accounting & tax, normative or specific to the enterprise regulations, measure and manage performance but also establish a control, reporting & audit process in order to assess the degree of this performance.

It is obvious that if governance is not based on the said missions and principles, it will be difficult for it to positively impact the performance of the enterprise, especially when the latter has specific managerial and regulatory specificities as well as contradictory obligations. as is the case for the public enterprise.

Having said that, Gaps and failures in the governance of public enterprises are the source of a very large number of dysfunctions and limits. These tidy up the entity in question and can prevent any improvement in its socio-economic performance.

These limits mainly affect three levels of governance of the public enterprise: control, transparency and accountability, thus, we can divide the dysfunctions of governance into three blocks,

- **Dysfunctions relating to the control mode**

Among the elements of governance that are not respected within the public enterprise are the compliance with regulations, evaluation and management of performance, reporting and audit. These elements are related to the control, hence the need to study the mode of control as a dysfunction of the public enterprise resulting from governance.

The submission of the public enterprise to the authority of the public power seems better characterized by the term 'control'. However, this terminological preference is far from clear. Indeed, "the control of the public enterprise covers several realities such as the notions of verification, substitution, power of annulment, reform, sanction. "(Poyet, 2002, p19) Now, one

of the primary purposes of the control of the public enterprise will be to" make all the actors and subjects of this control accountable.

This involves in the first place the State which is responsible for the application of the regulations in force (requirement of transparency or clarity of the rules and behavior) until the public enterprise which will set up its self-control (proper functioning and efficiency) ”(Chevalier and Loschak, 1982, p.679).

The way to succeed in this bet is to seek increased performance based on the achievement of defined objectives rather than on the management of resources. This means that it must turn to a logic of results and "primacy of goals in a system that values change, innovation, mobility.... Which makes it possible to promote the effectiveness of the action. It is in a dual logic which includes on the one hand the contract signed with the State (plan...) to be respected and on the other hand the imperatives of the economic market. ” (Poyet, 2001, p.85)

Indeed, the interest of applying an effective control in the public enterprise is urgent. Admittedly, its forms within this entity are multiple: public, regular, a posteriori..., “it is thus relevant to wonder about the appropriateness of such a number and such a diversity of controls. Maintaining these different types of controls seems necessary. However, there are parameters to consider. »(Gaudemet, 1972.p.301) But also, requirements which control must henceforth meet in order to be qualified as effective in the particular case of public enterprises.

According to Talbi (2005, p20), "the control of regularity, is a fixed system, not evolving and not generalized" and this, whatever the control or the combination of control that prevails. It is necessary for the public enterprise and the State to turn to a logic which follows the evolution of the entity in question and its environment. "

The changes in the public enterprise require a “new system which must propose four main guiding principles: Generalization - Modulation and relevance - Dynamization of the process - Clarification of powers within the enterprise” (Ambassa, 2006)

On the other hand, “it should be noted that if significant efforts have been made for a better coherence between the global economic strategy and the strategies of companies, the fact remains that the control of public enterprise remains marked by an extraordinary complexity of procedures, objectives and methods, which covers political and economic quarrels. »(Fiquet, 1998, p864).

This complexity is the result of the confusion in the roles of shareholder and guardian specific to the State, as well as the predominance of supervision and bureaucracy which reigned for

decades; “Forms of supervision in the control of public enterprises such as the power of approval or even that of authorization” (Cartier-Bresson A. 2010, p.204).

This situation did not leave a large margin of autonomy to the public enterprise. Unfortunately, the change in its status, the awareness of the importance of the role of State shareholder, environmental changes, socio-economic performance requirements mean that the public enterprise increasingly needs autonomy to be able to survive and prosper. Autonomy accompanied by effective control, which requires a reflection on the limits of each of them and the right mix that will meet the needs of the entity in question.

More than strengthening, lightening or overhauling the control of the public enterprise, it is now a question of opting for a better articulation of existing controls and a clarification of the roles of the State. The control of the public enterprise is therefore a matter of dosage to be orchestrated cleverly: Seek a balance in the design of the control mode adapted to each public enterprise, but also to each situation and operation. The goal being that it is neither too much, nor not enough, because, either it could become a disturbing factor, or trigger (by its absence) of possible dysfunctions.

Control must now allow verification of compliance through the evaluation of results and performance, rationalization of management, optimal use of resources and good governance. It must also ensure the enterprise a margin of autonomy essential to its current situation. Thus “this new control must be a vector of change for the public enterprise” (Talbi, 2005, p.14)

Like effective control, transparency is a founding principle of good governance. They allow any entity to achieve its objectives in the most efficient way possible.

- Dysfunctions relating to the lack of transparency and information asymmetry

Information asymmetry defines the relationships where one agent holds information that another does not. This situation is often described through agency relationships where, the principal asks an agent-principal to carry out an action on his behalf. The agent with more information may therefore be tempted to act in his own interest and not in the interest of the principal or the enterprise.

According to the agency's theory, the public enterprise which defines itself as a socio-economic entity presents a sum of relations characterized by information asymmetries between the State shareholder and the managers. In the same vein, Begne (2012, p 167) argues that “the problem arises precisely at the level of the conduct and the discretionary space of the leaders. Against the background of a management mandate granted by the State-investor, managers are in fact

frequently caught in the act of misconduct in relation to the rules of ethics and professional conduct established in relation with the production of results” which constitutes a point of weakness that partly explains the ineffectiveness of governance and the poor performance observed following these deviant behaviors.

In the case of a public enterprise, the agency relationship is more complex since the entity, the role of the shareholder and the vocation are complex. Agency theory explains to us that the public enterprise must be guided by economic rationality (like any other enterprise). However, there are few cases of rational public enterprises.

In the same sense, (Favoreu 2008, p. 27) evokes the technical difficulties linked to the absence of information on public inputs and outputs. Some authors state that even if incentive factors develop, it remains impossible, for technical reasons, to judge the performance of the public system. Thus, determining the best organizational structure.

The theory of ownership counts to it puts the problem of information asymmetry of the public enterprise on the account of the public property of the latter. This can leave the doors open for the most badly honest leaders to use and mobilize internal information for their own benefit "by adopting an opportunistic behavior carrying the seeds of deviance." "(Begne, 2012, p.183).

- **Dysfunctions relating to the lack of accountability and effective management of resources**

The public enterprise sector occupies a considerable place in the public finances of countries. This manifests itself in a burden of annual transfers from the general state budget to public enterprises. Largely dominated by equilibrium subsidies.

The budgetary reforms taken from the 1980s in several OECD countries are the translation of the doctrine of the New Public Management's school. This paradigm, which has imposed itself in OECD member countries and then across the world, boils down to considering public enterprises as being economic entities in the first place to which the same constraints and the same requirements apply as their counterparts in the private sector, and in particular the requirement for performance, profitability and accountability. Thus, the actors of public expenditure become responsible for the performance achieved, in the service of the citizen, the user and the taxpayer.

As a result, the notion of accountability is becoming more and more common and used in this sector. This word sums up a whole “set of principles that must govern any entity, it also designates all the elements that a public enterprise must take into account in each of its decisions. It is indeed one of the pillars of governance.” (El idrissi, 2017).

The accountability is the “obligation to give an account and suffer the consequences”, which makes it possible to target both the obligation and its effects” (Delion, 2007, p.570). In the case of a public enterprise, the scope of this concept is quite clear, moreover we can highlight two distinct elements of these definition, the first is the duty of transparency on everything that affects internally or externally the enterprise, the second is the duty to assume responsibility for each act, and to assume it in its own right without the help of another entity, which allows to target both the obligation and its effects.

The implementation of accountability in a public enterprise requires work to assess the efficiency of management "by emphasizing, as they say in the United Kingdom, on the concept of value for money, it is that is, the benefit-cost ratio. »(Campagnac, 2009, p.379) This is a strong point to remember insofar as it is an element which has been neglected for a long time in the public enterprise and which generates considerable financial losses. Accountability responds to “the problem of measuring the relationship between objectives, means, results and effects of the activity ... which makes invisible a whole part of the work that is difficult to evaluate quantitatively or financially" (Venizat, 2019).

What worsens this situation is the role that the State plays at this level by continuously supporting these companies under the pretext of their role and social vocation. According to Glachant (1996, p22), this intervention manifests itself either by aid and budget transfers, or by allowing massive recourse to credit, which is one of the major factors of inflation in the world and reflects the inability to many of them have to pay the real cost of a capital which they nevertheless consume without restraint. This means that it develops over time a capacity to escape economic and financial logic. Currently, we are aware that the limits have been exceeded with regard to the allocation of resources and the budgeting of the public enterprise, which makes it urgent to call them to order through the application of the concept of accountability. This major transformation requires the involvement of the State shareholder through the application of the basic rules of accountability that the public enterprise needs. For example, granting grant credits by missions, broken down into programs, within a framework accompanied by objectives, themselves measured by quantified indicators, within annual performance projects, monitored at the end of the financial year. annual performance reports by each public enterprise.

II. The impact of governance dysfunctions on the socio-economic performance of the public enterprise

It is obvious that when an entity suffers from dysfunctions in relation to its mode of control, its degree of transparency and information asymmetry or even the level of efficiency in the management of its financial resources, the components of its performance are affected which leads to underperformance. Concerning the public enterprise and in order to explain this lack of performance, it is necessary to relate the dysfunctions and the components of the socio-economic performance that distinguishes it. Thus, concerning the dysfunctions linked to control, we can distinguish:

- the super imposition of controls without complementarity,
- the implementation of regularity control without taking into account the objectives of the enterprise or the stages of the production process,
- the rigidity of public control, the dominance of a priori control and the lack of sanctions.

These dysfunctions affect the socio-economic performance of the public enterprise through the decrease in autonomy, the dominance of supervision, the lack of efficiency, productivity, cost control, the fluidity of overall control and the motivation at work.

On the other hand, the dysfunctions linked to the asymmetry of information and the lack of transparency from which the public enterprise suffers and which manifests itself in the use of internal information held by managers to serve private interests, open the doors to deviant behavior, accentuate the phenomenon of entrenchment experienced by the public enterprise. It affects the socio-economic performance on several levels: waste, inefficient management, rigidity of control and loss of autonomy, the degree of achievement of objectives, cost control (asymmetry of information and lack of transparency do not allow the State to play its role of shareholder properly), profitability and growth, the quality and respect for the principles of the public service.

Finally, the dysfunctions linked to the allocation of the financial resources of the public enterprise which is already in financial difficulty. This situation gives it an important place in public finances following continuous transfers of funds in the form of balancing grants and other types of assistance. Indeed, the dysfunctions from which the public enterprise suffers considerably accentuate this financial problem but also the habit that the public enterprise has acquired of not being accountable (lack of transparency and accountability) or suffering the

consequences (such as risk of bankruptcy) or to take the objective-cost-results ratio seriously. Thus, these dysfunctions linked to the financial aspect affect efficiency, budgetary autonomy, cost control, profitability and growth.

III. The governance of the Moroccan public enterprise and socio-economic performance

The public establishments and enterprises sector plays a major role in the economic and social development of the country given its weight in the national economy and the place it occupies in the process of formulation, planning and execution of public policies.

However, in recent years we have observed signs of weakness as well as repetitive difficult situations affecting it, but also a mediocre level of performance and a failure to fulfill its role in socio-economic development. The review of literature and the theories studied have revealed to us the existence of a number of dysfunctions which relate to governance and which do not allow a public enterprise to be efficient at the social and economic level. So, the question we are trying to answer in the empirical study is:

What is the impact of governance dysfunctions on the socio-economic performance of the Moroccan public enterprise?

1. Field investigation

- *The research epistemology :*

To answer this question, we conducted an empirical study based on a quantitative methodology that fits into a positivist hypothetico-deductive epistemological framework insofar as we set up a theoretical construct, a research problem and a hypothesis to be tested.

- *The survey tool:*

Since we assume that there is a single reality (positivism). We believe that the questionnaire is the tool that will allow us to evaluate these concepts and all the items that result from them in a precise and authentic way.

The design and administration of the questionnaires was done with the help of the google forms platform, which made it possible to send the link of the questionnaire to the targeted persons and to receive the answers automatically in the form of Excel data ready to be processed and analyzed.

- *The sample:*

As for our sample, we based ourselves on the reports of the Ministry of Finance and the DEPP¹ to determine our parent population. Indeed, according to the DEPP, there were 19 public industrial and commercial enterprises in 2019. Thus, and given the objectives of our study, we selected 12 large Moroccan public industrial and commercial enterprises from the 19 existing enterprises that belong to key sectors and have a significant impact on the national economy and the lives of citizens, by soliciting the staff to answer the questionnaire (Our response target was 15 responses per enterprise for a total of 180 meaningful responses)

The choice of staff members to whom the questionnaire was sent was arbitrary (non-probabilistic):

- The Royale Air Maroc
- Office Chérifien Du Posphate
- Al Omran
- Office National Des Chemins De Fer
- Societe Nationale Des Autoroutes Du Maroc
- Agence Nationale Des Ports
- Office National Des Aéroports
- Groupe Cdg
- Office National Des Hydrocarbures Et Des Mines
- Societe D'exploitation Des Ports
- Crédit Agricole
- Crédit Immobilier Et Hotelier

- *The data analysis*

The data analysis revealed results allowing a representation of the causal relations between the confusion of the roles of the State shareholder and the degree of performance of Moroccan public enterprises. Thus, we were able to quantify the phenomena and the relationships between the explanatory variables and the variables to be explained thanks to the quantitative methods of data analysis that we used through the SPSS version 17 software (descriptive analysis, multiple components, the chi-square test).

¹ The Directorate of Public Enterprises and Privatization

Table 1: Explanatory variables (governance dysfunctions) and variables to be explained (components of socio-economic performance)

The explanatory variables	The variables to be explained
<ul style="list-style-type: none"> - Overlay controls - Rigidity of public control - Dominance of a priori control - lack of supportive and management control. - Lack of transparency - Information asymmetry - Degree of accountability of leaders. - Ineffective financial management - Waste of resources - Lack of accountability - Lack of financial autonomy - Significant public transfers 	<p><u>Socio-economic performance :</u></p> <ul style="list-style-type: none"> - Efficiency - Efficiency - The productivity - Autonomy - Cost control - Fluidity of control - The profitability - The growth - The working climate - Job satisfaction - Stakeholder satisfaction

2. The results of the investigation

2.1.Descriptive analysis

a. The control mode

Le contrôle de gestion doit être appliqué à l'entreprise publique depuis sa création pour une meilleure autonomie et indépendance budgétaire

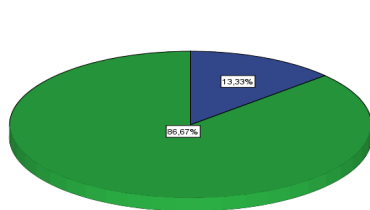


Figure 1: Management control/Autonomy

Unanimously, the respondents are aware and agree on the importance of the application of management control to Moroccan public enterprises in order to have better autonomy and budgetary independence towards the State.

Jugez vous que le contrôle a priori est un outil important pour la maîtrise du degré de réalisation des objectifs dans votre entité ?

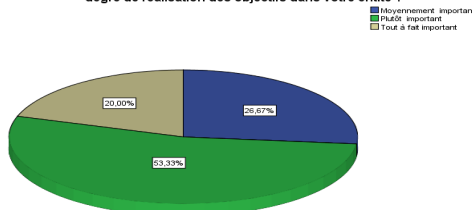
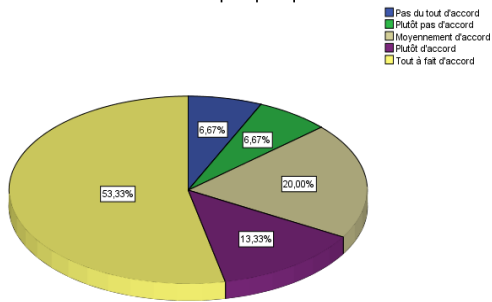


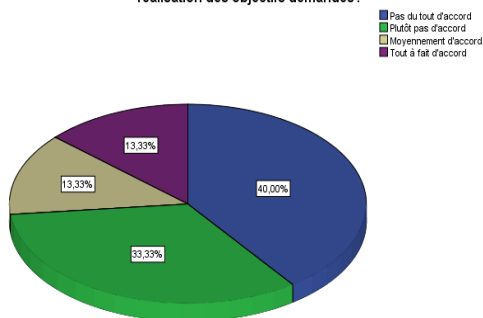
Figure 2 :Priori control/ efficiency

For the question concerning a priori control and its importance as a tool for controlling the degree of achievement of objectives, all the respondents affirm that it is important but to different degrees ranging from moderately important to quite important.

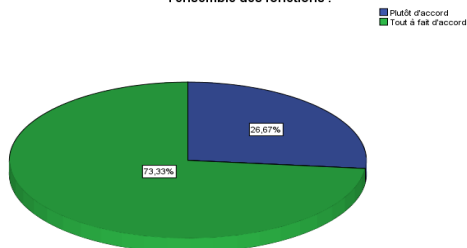
La superposition des contrôles appliqués affecte t-elle la fluidité de la gestion de l'entreprise publique ?



Jugez vous que le type de contrôle appliqué à l'entreprise publique aide à la réalisation des objectifs demandés?



Pour une meilleure réalisation des objectifs , le contrôle doit s'étaler sur l'ensemble des fonctions .



Le contrôle de gestion doit être appliqué à l'entreprise publique depuis sa création pour une meilleure autonomie et indépendance budgétairement

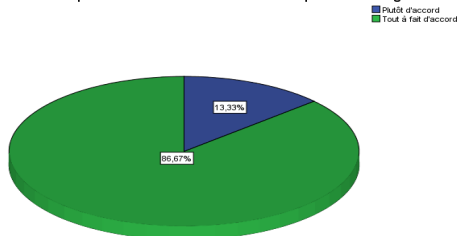


Figure 3: Superimposition of controls/management

Regarding the question of the superimposition of controls within public enterprises and their impact on the fluidity of management which is a major principle of governance, 66.6% completely agree on this impact while 20% are moderately agree on that. We can say that it is rather the superposition of controls that affects the functioning of the public enterprise and thus its performance.

Figure 4: Mode of control/efficiency

40% of our respondents do not agree at all that the control applied to public enterprises helps to achieve the requested objectives, 33.33% tend to disagree with this, more than 70% assert that control within Moroccan public enterprises does not achieve the desired objectives.

Figure 5: The application of control in public enterprise

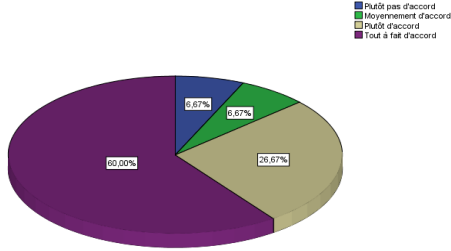
For a majority of 73.3%, control must be spread over all functions in their public enterprises for better achievement of the objectives which are assimilated to it.

Figure 6: The application of control in public enterprise

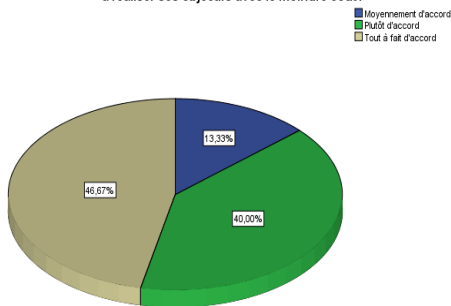
The second important tool for good governance is management control. For the entire population of our sample, management control must be applied to the public enterprise since its creation for better autonomy and budgetary independence.

b. The level of transparency and asymmetry of information

La circulation déséquilibrée de l'information cause-elle l'augmentation des charges liées à la réalisation des objectifs?



Est ce qu'une démarche de transparence peut amener votre entreprise publique à réaliser ses objectifs avec le moindre coût?



Est ce que l'information circule facilement dans votre établissement?

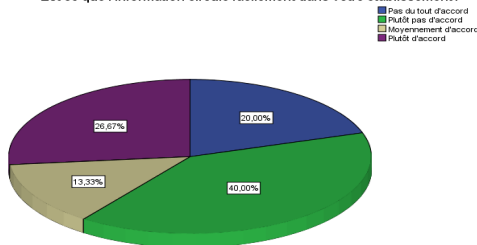


Figure 7: Information asymmetry/Efficiency

In terms of the impact of information asymmetry on the efficiency of the public enterprise, this starts with the relationship between poor information flow and increased burdens on the enterprise. 86.67% strongly agree that the unbalanced flow of information causes increased burdens associated with achieving goals.

Figure 8: Degree of transparency/ Achieving goals

Achieving goals leads to meeting time and resource requirements, efficiency. Accountability is based on transparency to enable compliance with resource requirements. 86.67% of respondents agree that a process of transparency in their enterprise can bring it towards the achievement of objectives at the lowest cost and thus be effective

Figure 9: Degree of information flow

Efficiency, which is considered a pillar of good governance, is closely affected by information asymmetry in any entity. Hence the importance of knowing whether the information circulates easily or not. For the population in our sample, 60% say that information does not flow easily in their establishment. 26.67% say the opposite.

c. Accountability and efficient management of financial resources

"L'évaluation des coûts" est une notion courante dans votre entreprise publique?

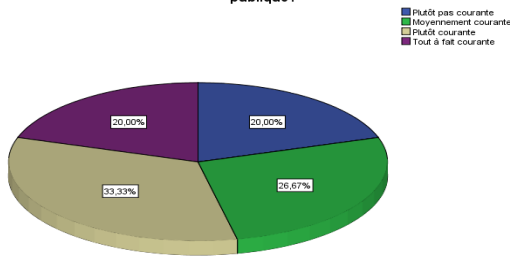


Figure 10 :Importance of accountability/Public enterprise

Cost assessment is very important for good governance of public enterprise. According to our sample population, 53.33% say costing is common in their business. 46.67% on the other hand say it is not. This is a very large percentage which reveals that almost half of Moroccan public enterprises do not take seriously the importance of careful evaluation of their costs.

Le gaspillage des ressources est-il un problème courant dans votre établissement?

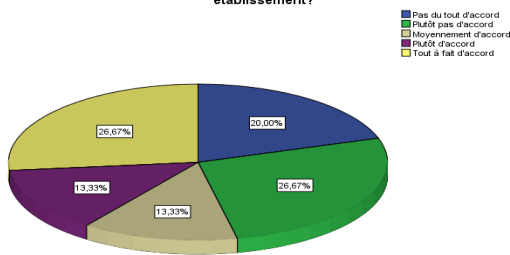


Figure 11: Degree of wasted resources

Regarding the reality of wasted resources in Moroccan public enterprises, 40% affirm that there is a problem of wasted resources in their establishment. 13.33% moderately agree and 46% disagree with this.

Considère-t-on dans votre entreprise publique l'importance des documents comptables pour la maîtrise des coûts?

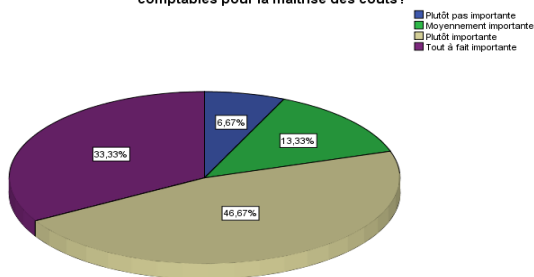


Figure 12 : Importance of accounting documents/cost evaluation

Regarding accounting documents which are the necessary support for cost evaluation, the majority of respondents (80%) affirm that these documents are very important for cost control in the enterprise. So we can say that the problem of cost evaluation in public enterprises is not a problem of traceability.

2.2. Multiple component analysis

The MCA revealed to us - through the correlation of the transformed variables - important results which complement and explain the results of the descriptive analysis. It allowed us to determine the cause-and-effect links between the explanatory variables emanating from the sub-dysfunctions that affect the governance of the public enterprise and the items of socio-economic performance influenced:

- Governance sub-dysfunctions: Control mode - Information asymmetry and lack of transparency - Accountability and management of financial resources.
- The items of socio-economic performance: efficiency - autonomy - cost control - profitability- productivity

Table 2: Correlation according to the multiple component analysis between the dysfunctions of the public enterprise and the components of socio-economic performance.

The correlations between:	Efficiency	Autonomy	Cost control	The profitability	The productivity
The control mode / the multitude of controls / the overlapping of controls / the lack of management control / the dominance of a posteriori control	0.36	0.54	0.91	0.51	0.73
The degree of transparency and information asymmetry	0.64	0.72	0.4	0.46	
Accountability and management of financial resources		0.78	0.7	0.76	

2.3.The chi-square test

a. The multitude and superposition of controls / productivity

Table 3 :Chi-square tests Productivity/Multitude and superposition of control

	Value	dof	Asymptotic significance (bilateral)
Pearson chi-square	15.313a	6	,018
Likelihood ratio	14.024	6	,029
Number of valid observations	15		

A $p = 0.018 < 0.05$ proves the dependence relation between productivity and the multitude and superposition of controls that exists in the public enterprise.

b. The unbalanced flow of information / efficiency

Table 4: Chi-square tests Unbalanced circulation of information/Efficiency

	Value	dof	Asymptotic significance (bilateral)
Pearson chi-square	15.159a	6	,019
Likelihood ratio	14.449	6	,025
Number of valid observations	15		

According to the test, $p = 0.019 < 0.5$ means that there is a strong relationship of dependence between the unbalanced circulation of information (lack of transparency and asymmetry of information) and the achievement of socio-economic objectives at a lower rate. cost (Efficiency)

c. Lack of accountability / cost control

Table 5: Chi-square tests Lack of accountability/ Cost control

	Value	dof	Asymptotic significance (bilateral)
Pearson chi-square	33.375a	12	,001
Likelihood ratio	31.876	12	,001
Number of valid observations	15		

With a $p = 0.01$ which is < 0.01 , the Chi-square test confirms that there is a dependence between the waste of resources and the importance of the evaluation of costs in the Moroccan public enterprise (accountability)

d. Asymmetry / autonomy

Table 6 : Chi-square tests Asymmetry of information/Autonomy

	Value	dof	Asymptotic significance (bilateral)
Pearson chi-square	24.333a	12	,018
Likelihood ratio	14.990	12	,242
Number of valid observations	15		

The dependence between transparency (importance of accounting documents for cost control) and autonomy is proven by a $p = 0.018 < 0.05$

3. Interpretation and discussion of the results:

In Morocco, the governance of public enterprises is supposed to implement the guiding principles of the OECD in terms of good governance as well as the 2012 Moroccan code of good governance practices for public enterprises.

However, this area it is subject of important criticisms whether from the supervisory and control bodies or from the public opinion. This situation suggests that these principles are not respected. The Court of Auditors considers that a significant number of problems from which the public enterprise suffers stem from a bad governance. The latter has its origin in the laxness of the main shareholder that is the state.

According to the Court of Auditors, there is a gap between public / sectoral strategies, and, what happens inside the public enterprise.

This gives rise to significant deviant behavior on the part of the leaders and to questionable decision-making which does not serve the interest of the public enterprise, the State, or the socio-economic development objectives of the country.

Concretely, the repercussions of this gap are evident through the weakness of strategic management. Indeed, the empirical study validated the impact that ineffective management (corporate governance dysfunctions) has on effectiveness when achieving objectives as well as on productivity (performance items).

- These management shortfalls which emanate from the governance of public enterprises, impact the functioning of governance bodies (supposed to lead the public enterprise to be efficient through the use of effective management tools and adequate control). “for Kosnik (1987), the board of directors is thus merely a legal fiction, a co-opted institution that, despite its formal power of control over management, is in reality dominated by the latter and therefore ineffective in resolving conflicts of interest between management and shareholders.” (Loulid, 2019)

Concerning the control mode, the empirical study allowed us to prove that the control of the Moroccan public enterprise is superimposed, dominated by bureaucracy and control (a priori control that is rigid and disabling), and unproductive. Indeed, "among the various Moroccan public institutions, only five institutions benefited from the submission to the accompanying control" (Chemlal and all, 2017) . These results show that the control mode is vulnerable and ineffective.

The second dysfunction affecting governance is linked to the transparency and asymmetry of information, which manifests itself in a lack of traceability in the public enterprise.

According to the empirical study, the unbalanced circulation of information within the public enterprise is correlated with the waste of resources and thus, the control of costs. And the lack of transparency is found to be strongly correlated with efficiency in achieving goals. Productivity is also strongly impacted by the unbalanced flow of information.

Having said that. Information asymmetry can only alter the profitability of the public enterprise, insofar as the resulting lack of transparency strongly impacts the costs of achieving objectives. This situation creates an imbalance between inputs and outputs and thus influences profitability. Logically, when there is a lack of profitability and financial imbalances in the public enterprise, the State as guardian, grants it the funds and subsidies to balance these unjustified losses, this situation limits the financial autonomy of the public enterprise. This has been proven thanks to the MCA which has enabled us to demonstrate that autonomy is strongly affected by information asymmetry in the Moroccan public enterprise.

This consequential dysfunction is mainly due to the methods, laws, and requirements for the production of accounting documents and reliable traces of any operation that takes place in this entity.

Moreover, the empirical study shows us that there are significant flaws in terms of traceability within public companies. It also shows the need to use management control as a tool for transparency and cost control.

Indeed, management control and cost accounting are among the most reliable tools likely to allow the public enterprise to automatically produce reliable accounting documents with aggregates that reflect its economic and financial reality and allow the State as shareholder to know the real value of its economic assets.

Unfortunately, in the absence of consolidated financial statements for this public sector, it is not possible to know the real value of its portfolio, nor to assess the level of its yield and profitability

The third point that has been classified as governance dysfunction in the theoretical analysis is the lack of accountability and effective management of public enterprise resources.

The results of the data analysis show causal relationships between the level of accountability in the public enterprise and its degree of autonomy, its cost control, productivity and profitability. According to the results of the data analysis, we can clearly see that governance dysfunctions are interrelated. Indeed, control problems significantly affect management, information asymmetry and transparency within the public enterprise and this has repercussions on accountability and efficient management of resources.

CONCLUSION

The mode of control, accountability and transparency are the founding principles of good governance and the study revealed that these are sources of dysfunctions that automatically affect socio-economic performance.

- The control mode in the public enterprise is inefficient. There is a dominance of bureaucracy at all levels through government oversight, which seems to cover some elements while excluding others. This makes room for a control that is mainly unproductive, while overshadowing one of its core elements; an oversight of governance.

- Information asymmetry is a common problem in all businesses, but in the case of public enterprise it is a very costly problem. This lack of transparency begins first with the negligence that has long reigned in the production of reliable accounting records.

However, transparency is a pillar of good governance and its dysfunction primarily impacts the socio-economic performance of public enterprise through the following items: profitability / growth, cost control, autonomy and efficiency.

- The effective management of financial resources or even accountability is an element of governance that was singled out during the theoretical analysis and verified through the empirical study for the case of public enterprise. Indeed, accountability requires a number of criteria to be achieved, including the effectiveness of control, transparency and the requirement to report to shareholders.

unfortunately, in public enterprise, these criteria are sources of dysfunction which do not provide a favorable environment for accountability. On the other hand, the absence of the role of the State shareholder favors the appearance of deviant behavior on the part of the leaders. With that being said, the lack of accountability affects socio-economic performance: efficiency, profitability / growth, cost control, and autonomy.

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