2026, Cilt 3, Sayı 3, 365-370

OPEN ACCESS

ISSN: 3062-262X

Akademik Eğitim veSosyal Bilimler Dergisi (AJESS Journal)

The Reflection of Implementing Corporate Governance Requirements on Algerian Financial Companies

Hedadji Nada, University of Tahri Mohamed Bechar (Algeria), Laboratory of Economic Studies and Local Development in the Southwest. hedadji.nada@univ-bechar.dz

Fellah Mohammed Messaoud, University of Belhadj Bouchaib Ain Temouchent (Algeria), Laboratory of Strategies for the development of the agriculture and tourism sectors SDSAT. mohammed.fellah@univ-temouchent.edu.dz

Article History

Received: 02/05/2026; Accepted: 05/06/2026; Published: 01/09/2026

Abstract:

This study aimed to highlight the reflection of implementing corporate governance requirements in Algerian financial companies, by investigating a group of financial firms within the Algerian environment specifically commercial banks and insurance companies. To achieve this objective, a number of questionnaires were distributed to obtain a valid study sample. Subsequently, the collected data was coded, processed, and analyzed using the SPSS software, and the study's hypotheses were tested using a range of available statistical tests in this program.

The results revealed that adherence to the application of corporate governance mechanisms and principles contributes to detecting any manipulations, embezzlements, etc.., which helps reduce opportunities for fraud as well as administrative and financial corruption. Consequently, this contributes to preserving the company's reputation and level of reliability.

Keywords: Corporate Governance; Bank; Insurance; Algeria.

JEL Classification Codes: G22, G34, G21.

1-Introduction :

Corporate governance represents one of the most critical modern organizational and administrative pillars for restructuring the financial sector and ensuring its stability. It has become an urgent necessity to face economic challenges, mitigate agency risks, and enhance transparency and disclosure levels. In light of the successive economic and legislative reforms in Algeria particularly following the enactment of the new Monetary and Banking Law and the issuance of regulations by monetary and financial market supervisory authorities—implementing governance principles has become the cornerstone for advancing the performance of Algerian financial institutions, foremost among them banks, insurance companies, and innovative financial startups.

The implementation of these requirements directly reflects on the quality of financial reporting, enhances risk management efficiency, and strengthens internal controls, thereby positively impacting financial performance and business sustainability. The significance of highlighting this reflection lies in determining the extent to which governance requirements contribute to building stakeholder trust, attracting investments, and safeguarding the soundness of the Algerian financial system against economic shocks and the shifts of the knowledge economy., the main question can be formulated as follows : To what extent are corporate governance requirements implemented in Algerian financial companies ?

- **Field Study Methodology :**

Given the nature of the study and to align with its topic, this research adopts a descriptive approach, specifically utilizing the case study method, This methodology focuses on describing the phenomenon by integrating theoretical concepts with empirical field data regarding the problem under investigation, followed by rigorous analysis to achieve the research objectives and reach the desired outcomes. Relevant prior scientific research and literature were drawn upon to ensure comprehensive coverage of the study variables.

2. Théorétique part:

In this section, we tried to give a brief conceptual background on the topic of the study, as the terms (study variables) were addressed according to the following points:

- Definition of the study terms.

2.1 Procedural definitions of the study terms:

We will try to provide a comprehensive definition of the variables after a thorough review of all previous studies related to them.

2.1.1 Corporate Governance

There is no unified definition agreed upon by all economists and jurists, but the researcher concludes that it is a set of sound applications, practices and processes that those in charge of managing the company have in order to rationally and optimally exploit the resources in order to achieve the objectives efficiently and rationally, or the system by which companies are directed and controlled.[1]

2.1.2 Algerian financial companies

All institutions and entities officially accredited within the Algerian economic system that fundamentally and regularly engage in financial intermediation activities, fund management and mobilization, risk coverage, or the provision of investment and banking services, whether for their own account or on behalf of third parties.[2]

2.2 Algeria's Efforts to Ensure an Effective Corporate Governance Framework:

There have been several efforts to promote an effective corporate governance framework and ensure its successful implementation in Algeria, including a set of structural reforms that contributed to creating an appropriate and efficient corporate management environment.

2.2.1 Essential Factors for Implementing Governance:

- **Necessity of Effective Accounting Systems :** Having effective accounting systems is vital to obtaining transparent and fair financial statements that ensure transparency and credibility in the company's financial operations. Therefore, the Financial Accounting System (SAF) must be updated in accordance with modern International Accounting Standards (IAS/IFRS). Furthermore, the roles of the Court of Accounts (*Cour des Comptes*) and the National Accounting Council (*Conseil National de la Comptabilité*) should be strengthened to enhance and optimize the efficiency of corporate accounting information systems.
- **Reforming and Modernizing the Financial and Banking Sectors :** The financial and banking sectors must be reformed and modernized to align with the new requirements of the national economy, as they form the core foundation for the effective implementation of governance principles. Consequently, laws regulating the issuance and trading of stocks and bonds should be established to ensure a sound and balanced financial sector. Additionally, regulatory bodies must be made available to oversee corporate securities transactions and enforce compliance with these laws, thereby enhancing trust in the financial system and fostering national economic stability.
- **Clarity and Stability of the Tax System :** The tax system must be clear, reliable, and stable to prevent the flight of foreign capital.[3]
- **Combating Corruption and Bureaucracy:** Corruption and bureaucracy, which hinder national economic development, must be combated by clarifying and streamlining internal administrative procedures, tightening oversight, and imposing deterrent penalties against the dissipation of public funds.
- **Amending the Algerian Code of Corporate Governance :** The Algerian Charter of Good Corporate Governance (*Moyeu de Governance*) must be updated to align with internationally recognized governance principles and to encompass all business forms that constitute the Algerian economy.
- **Strengthening Organizational Structures and Legal Frameworks :** Organizational structures must be strengthened and an adequate legal framework provided as an enabling environment for adopting governance principles.
- **Establishing a Corporate Governance Institute :** A dedicated institute for corporate governance development should be established, leveraging lessons learned and best practices from Arab countries.

[1] Almgir**.** M**,** **<u>Corporate Governance (A Risk Perspective)</u>**, paper presented to : Corporate Governance and Reform : Paving the way to financial stability and devlopment, a Conference organized by the egyptian banking institute, 07-08 May, 2007, Cairo, p :03.

- **Organizing Training Programs and Conférences :** Training courses should be organized for corporate board members to familiarize them with governance principles, alongside holding conferences that highlight the significance of the governance concept.
- **Establishing Rating Agencies and Incentive Programs :** Rating and evaluation agencies should be established to assess companies based on the quality of their governance practices, supported by incentive initiatives such as à Best Governed Enterprise" award.

3. Field study -

The field study aims to identify the impact of implementing corporate governance requirements in Algerian financial companies.

3.1 First Subtitle :Companies and Institutions Under Study:

The companies under study included various Algerian insurance companies and commercial banks across their different types and branches in the following provinces : Oran, Tlemcen, and Béchar, Below is an overview listing the companies targeted by the survey, categorized by the respective provinces.

Table (01) : Field Study Sample of Companies Surveyed.

N°	**Company Name**	**Abbreviation**	**Employing Institution (Type)**	**Number of Questionnaires**
01	Algerian External Bank	BEA	Bank	05
02	Algerian Insurance Company	SAA	Insurance	04
03	Bank of Agriculture and Rural Development	BADR	Bank	04
04	Algerian Popular Bank	CPA	Bank	04
05	International Insurance and Reinsurance Company	CIARE	Insurance	04
06	Alliance Assurances	ALLIANCE	Insurance	03
07	Trust Bank	TB	Bank	01
Total Questionnaires				25

Source: Prepared by the author.

3.1.1 Society and the study sample:

- **Study Population :**

The field study population comprises several financial institutions, specifically Algerian insurance companies and commercial banks, sampled from selected western Algerian provinces : Oran, Tlemcen, and Béchar.[4]

- **Study Sample :**

The studied sample consists of employees and their assistants (including managers, heads of departments, staff, etc.) who are directly involved in the companies under study.

3.1.2 Statistical Methods Used in Data Analysis:

3.1.2.1 Internal Consistency Validity Test:

Table (02) : Field Study Sample of Companies Surveyed.

N°	Corporate Governance	Correlation Coefficient	SIG
01	Inadequate and untimely disclosure leads to the loss of shareholders' rights	0.495**	<0.001
02	The Board of Directors is committed to disclosing all governance-related imbalances and issues	0.662**	<0.001
03	Senior management is committed to communicating strategic objectives to all levels within the company	0.470**	<0.001
04	Senior management takes into account the company's strategies, objectives, and risks	0.509**	<0.001
05	The Board of Directors and executive management bear the responsibility for disclosure, transparency, and accountability	0.508**	<0.001
06	Both senior and executive management participate in establishing systems for risk management procedures	0.458**	<0.001
07	The internal auditor discloses the achieved results and submits the necessary reports to the audit committee and the Board of Directors	0.466**	<0.001
08	Senior management contributes to evaluating good governance processes and proposing appropriate recommendations for their improvement by promoting proper ethics and values within the company	0.631**	<0.001
09	Senior management, executive management, and the Board of Directors all help achieve the principles of accountability and integrity, aimed at fostering trust among stakeholders and society	0.381**	0.003
10	The external auditor works to impart transparency, integrity, and clarity in an objective and systematic manner to all operations carried out by the company	0.473**	<0.001

11	The Board of Directors reviews the internal auditor's procedures to ensure they contribute to enhancing the company's governance rules	0.590**	<0.001
12	The external auditor verifies the allocation of responsibilities among members of the Board of Directors and managers in accordance with laws and regulations, in order to safeguard the rights of external stakeholders	0.615**	<0.001

Source: Prepared by the author.

It is clear from the above table that the Spearman rank correlation coefficients for all items range between 0.381, representing the lowest correlation coefficient, and 0.662, representing the highest correlation coefficient. These coefficients are statistically significant at the 0.05 level, as the highest observed significance level (p-value) among the third axis items is equal to 0.003, which is less than 0.05. Consequently, it can be concluded that the items of this axis are valid for measuring what they were designed to measure.

3.1.2.2 Results of Cronbach's Alpha Reliability Coefficient:

Questionnaire	Cronbach's Alpha Reliability Coefficient	Validity Coefficient = Square Root of Reliability Coefficient
	0.773	0.879

Based on the results obtained in the above table, it is evident that all reliability and validity coefficients for the questionnaire's dimensions and sections were greater than the 60% acceptance threshold and approach one. Specifically, the reliability coefficient for the questionnaire reached **77%**, representing the highest degree of consistency.

Consequently, we conclude that the questionnaire is valid, which ensures the stability and reliability of the results obtained from it. That is, if the study were to be replicated using this instrument, we would obtain results closely approximating or nearly identical to it. Regarding the validity coefficient—which is the square root of Cronbach's alpha coefficient and is directly proportional to it—we observe, as shown in the previous table, that as the reliability coefficient increases, the validity coefficient increases accordingly, and vice versa. Hence, we conclude that all parts of the questionnaire possess an excellent degree of reliability and credibility, and that the questionnaire has successfully achieved what it was designed to measure

3.1.2.3 Discussion of Internal Consistency Validity Results:

Table (04) : Internal Consistency Validity of the Overall Questionnaire Axes.

	Correlation Coefficient	SIG
Corporate Governance	0.802**	<0.001

Source: Prepared by the author. SIG: (α =0.05)

Interpretation : There is a strong positive correlation within corporate governance in Algerian financial institutions ; this indicates that corporate governance plays a significant and reliable role in influencing outcomes.

4-Conclusion:

Following the theoretical and empirical exploration in this chapter regarding the conceptual and practical frameworks of corporate governance, it becomes clear that corporate governance has gained paramount and growing importance across global economies both developed and emerging particularly in recent years. This surge is a direct response to the collapse of major international corporations and the escalating financial crises experienced by capital markets. Governance has been viewed as the optimal solution and path toward overcoming such dilemmas, as it embeds and reinforces values of integrity and transparency in transactions, along with principles of fairness, accountability, and the rule of law. Consequently, it safeguards the interests of direct stakeholders as well as third parties indirectly linked to the firm.

After presenting the primary topics in this chapter which spanned several key phases, starting with a conceptual introduction to corporate governance by highlighting its definition, importance, and objectives, alongside its foundational pillars and explanatory theories; followed by an examination of the core pillars and mechanisms contributing to its sound and effective implementation, with a focus on both internal and external determinants; and concluding with an overview of corporate governance experiences in Algeria, showcasing key reports aimed at embedding this concept within firms and highlighting ongoing efforts to ensure an effective framework through structural reforms several key findings can be drawn:

- **Absence of a Single Definition:** There is no universally agreed-upon definition of corporate governance due to its widespread application across diverse disciplines including accounting, finance, economics, sociology, and political science. Nevertheless, its concept has been addressed from various perspectives by researchers, academics, international organizations, and authors based on their respective fields and interests.
- **Core Significance:** The fundamental importance of corporate governance lies in its capacity to protect stakeholder rights, attract capital investment, combat corruption, and prevent financial crises.
- **Algerian Experience:** Algeria's corporate governance initiative is highlighted by the adoption of the Charter of Good Corporate Governance (Code de Gouvernance d'Entreprise) and the establishment of the Corporate Governance Center.
- **Mitigation of Fraud and Misconduct:** Adherence to corporate governance mechanisms and principles plays a crucial role in detecting manipulations, embezzlements, and related irregularities. This significantly minimizes opportunities for administrative and financial fraud, ultimately preserving the firm's reputation and credibility.
- **Environment and Legal Framework Reforms:** Algeria has undertaken numerous **reforms** to enhance the business environment and adapt the legal and institutional frameworks governing companies in its effort to establish sound corporate governance principles.

6. Bibliography List:

Berrani, M., & Hacini, I. (2021, June). The role of corporate governance in improving the banks Financial Performance empirical evidence from listed banks in the Saudi market. *Journal of Economic Integration, 09*(02), 01.

Djeriou, S., & Bouflih, N. (2019). The role of audit committees in supporting and improving corporate governance. (U. d. Oued, Ed.) *AL-Manhel Economique, 02*(01), 08.

Djoudi, A., & Ben ghzel, I. (2017). The contribution of accounting ethics to the activation of corporate. (U. d. Oued, Éd.) *Journal of Economic and Financial Studies, 10*(02), 01.

RENARD, J. (2009). *théorie et pratique de l'audit interne* (07 ed.). Paris France: Eyrolles.

Saib, A., & Sakri, A. (2022). The contribution of Algerian Standards on Auditing in activating corporate governance An exploratory study of the opinions of chartered accountant and auditors in Algiers. (U. Z. Djelfa, Éd.) *Journal of Economic Papers, 13*(01), 11.

Almgir. M, Corporate Governance (A Risk Perspective), paper presented to : Corporate Governance and Reform : Paving the way to financial stability and devlopment, a Conference organized by the egyptian banking institute, 07-08 May, 2007, Cairo, p :03.