



Communication and Governance Challenges in African SMEs

تحديات الاتصال والحوكمة في الشركات الصغيرة والمتوسطة الأفريقية¹

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Abstract

In the last few years, there has been a rise in corporate governance around the world. On the African region, it is clear there is an increasing number of national corporate governance reports that have been produced. This report analyzes these national codes of corporate governance in Africa. Providing a background to the corporate governance developments. In Africa, there have been good indicators of a move from conventional approaches to governance reform toward a new convention that uses African localities and everyday norms as the starting point for transformation.

Key words; Transparency -Accountability- Enterprise governance – SMEs communication

المخلص

في السنوات القليلة الماضية ، كان هناك ارتفاع في حوكمة الشركات في جميع أنحاء العالم. فيما يتعلق القارة الأفريقية ، من الواضح أن هناك عددًا متزايدًا من تقارير حوكمة الشركات الوطنية التي تم إصدارها. يحلل هذا التقرير القواعد الوطنية لحوكمة الشركات في أفريقيا. توفير خلفية لتطورات حوكمة الشركات. في أفريقيا ، كانت هناك مؤشرات جيدة للانتقال من الطرق التقليدية إلى إصلاح الحوكمة نحو اتفاقية جديدة تستخدم المواقع الأفريقية والمعايير اليومية كنقطة انطلاق للتحويل.

الكلمات الدالة؛ الشفافية -المساءلة - إدارة الشركات - الاتصال بين الشركات الصغيرة والمتوسطة

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Introduction

There are two aspects of governance: political and economic. The political side concerns with the direction in which a nation is conducted with authority which explains how the citizen or businesses express their interests and apply their rights and obligations. The economical side shows that the public sector is managed and the government role in the development process. In other words, organizations are running using laws and rules which are set using development technique of country's economic and social resources that organize relationships between stakeholders and owners.

This is a trilogy which provides an exploratory space for creative thinking and to encourage a deeper and more nuanced debate from a broader knowledge base.

It seeks to provide a unique platform for the presentation of new theory from a variety of ideas and well-informed voices. It is the goal of Governance in Africa (GIA) to align innovative thinking, research and policy making in this rapid dynamic field. Thus the African Peer Review Mechanism (APRM) was established in 2003 by the New Partnership for Africa's Development (NEPAD) Heads of State and Government Implementation Committee (HSGIC) as an instrument for AU Member States to voluntarily self-monitor their governance performance.

Why Governance in Africa now?

As we attempt to assess the factors that encourage the launch and development of GiA it is important to know that Africa has a long history of experience in and with local self-governance. The GIA is timely given the new model to reform being generated by external policy makers and also given Africa's new international relations that look more toward the south and east, than the west. International actors are now pre-occupied with a more developmentalist approach to governance that promotes a bigger role for African states. The idea is to move away from a policy that restrains and restricts state activity, to that which strengthens and enables capacity for growth and development ([Noman et al, 2012: 7](#)). The reality is dawning among development partners that nobody can envision a transformative model of governance that is significantly different from the past ([Booth and Cammock, 2013](#)). This reality generated a good opportunity to investigate alternative approaches including locally sourced solutions and African ideas.



New dimensions in African decentralization; While applying these principles, the relationships between the main aspects of decentralization and the need to build various capacities should be taken into consideration. Gradual need not mean focusing on one dimension first and ignoring others, it may be preferable to sequence decentralization to incorporate more than one key dimensions together throughout the process. In early stages, where local institutions are weak, modest funding to support small scale projects with carefully targeted technical assistance and governance support would be a logical starting point. Conditions could be related to receiving central assistance, but local flexibility in funding use may serve an important political role. Conditions might include, planning process, beginning to keep local records in systematic form and making a minimum local assistance to service costs (Melaville & Blank, 1991). If a local government meets the conditions, it can move on to progressively more substantial and rewarding activities requiring increasingly reforms. More advanced local governments meeting clear conditions could be treated more independently from the start. Under such an asymmetric, targeted, incremental and integrated process, local governments would have concrete incentives to gradually and simultaneously improve managerial and political performance, thereby progressively earning autonomy and realizing some potential benefits of decentralization. For example; Nigeria is believed to operate a three tier federal structure comprising the federal state and local governments. The main objective of this three tier structure is to ensure a freestanding local government system, that is capable of doing what government actually does governing at the local level ([Federal Republic of Nigeria, 1976](#)), including the capability to embark on governance application. The 1976 reform that revolutionized the Nigerian local government system was aimed at creating a common national local government system ([Asaju, 2010](#); [Ogunna, 1996](#)), and more importantly sought to sever the extra strong controlling hands of the state governments on the local governments ([Adamolekun, 1979](#)). It is this objective, that is, “the formal and unequivocal recognition of local government as constituting a distinct level of government with defined boundaries, clearly stated functions and provisions for ensuring adequate human and financial resources” ([Adamolekun \(1979\): 3](#)) that is the main feature of the Nigerian Local government system to the present.

Governance Challenges for Africa

Poverty: According to the United Nations Development Program (UNDP): ‘the percentage of the total population in poverty in Burkina Faso is about 45%, in Gambia 50%, in Mali 70%, in



Mauritania 50%, in Morocco 13%, in Mozambique 69%, in South Africa 40%, in Tunisia 6%, in Uganda 46%, and in Zimbabwe 61%. Depravity; It is illegal behaviour committed by someone in authority to gain personal benefit which is widely undertaken in African countries.

Usage of Information and communication technology (ICT): It focuses on the integration of multiple communication systems within the same user interface that gives the ability to access, manipulate information to facilitate our life which is not the case in African countries.

Low agricultural productivity: Most of Africans live in rural areas which means the dependency on agriculture but it is remarked by low productivity. Poor governance will lead to pose threats to agriculture development.

Press freedom is declined: Governments use forms of exasperation to put down reporting. Journalists are exposed to be exiled or jailed as a result only 3% of Africans use free media.

Restrictive Laws generation: The fundamental rights of citizens are restricted by laws. Several human rights organizations licenses are canceled for claimed links to terrorism .

Poor Regional Human Rights techniques: According to the current African Charter, People and human rights groups cannot report cases unless their country has signed a special declaration allowing such complaints which are declared by only seven countries. The ability of African country to effectively sell and supply goods and services in a given market Africa remains the least economically competitive region in the world, according to the [World Economic Forum](#)

Good governance

It is providing a free political environment and putting forward the quality of life which is not realized in African countries. Elements of Good governance; A good governance can be expressed if the following elements are found in any situation:

Constitutionalism: Which means everyone refers to the base of constitutional laws as a standard behavior in any situation such as disengagement in public case.

Rule of laws: Everyone restricts to a well-defined laws in every activity such as showing up the authority.



Justice: The base of any development is showing up justice in every situation even if one party of the conflict is empowered and the other is weak.

Security: Feeling secured in daily life is the most important aspect as without it, no one can perform his duty.

Electoral and participatory democracy: Individual participation by citizens in political decisions and policies that affect their lives must be offered as a right in the society

Mutual respect for Human Rights is the base of any development.

Freedom: No one can live in a community of enslavement.

Transparency: People who are affected by political and economical decisions, can easily access and understand these decisions that are taken based on regulations

Accountability: Public and private sectors must be responsible to their institutional stakeholders.

Ethics and integrity: in the conduct of public and private corporate affairs.

Equity: The quality of being fair in the distribution of public resources is the most important thing to develop any country.

Informed citizenry: People in the society should be informed by everything happens in their country which can be achieved through multiple channels such as media, internet, public events.

Effective and efficient: delivery of Public Services for each person is the key to satisfaction. At least the minimum to decent standard of living for all citizen in order to reduce crime rate and let people live with satisfaction

Political firmness: Rules are respected by the citizen which means domestic violence and civil wars have the lowest rate in such a country. Unfortunately, African countries are lacking the presence of most of the previous elements. As a result, governance needs to be enhanced in these countries.

Smart governance and e-governance: The Pacific Institute of Management in India modifies the definition of e-governance with smart governance as 'The application of ICT to the process of government functioning to bring out Moral, Simple, Accountable, Responsive and Transparent governance'. ICTs for Improved Governance; African governments can apply ICT to



overcome developmental challenges and reach good governance. That can be achieved by supporting democracy, improve dialogue quality, providing completeness, and by supporting the governments with the way to achieve their administrative and management functions. Despite the poverty, lack of education and the existence of “digital divide” in Africa, empowering people and enhancing the communication between them can be done through ICT. Tele-centres which provide shared access to ICT strengthen local governance in Africa as a result of overcoming the ‘digital divide’ through including people who are excluded from socio-economic benefits. Digital citizenship can be built through these tele-centres by boosting the existing processes instead of starting new ones in the African.

Governance and transparency

There has been growing attention in recent years for the possibility of transparency providing information to the public to enhance the governance for both the developed and developing societies. The response is from the next point, the challenge of not secure conditions in modern societies. Transparency considered a strategy that targets addressing the feelings of insecurity.

Feelings of not secure are a feature of modern societies as they transact with a top level of emergency and complexity. If the emergency is described as risky or dangerous, then the transparency provides an attractive strategy for organizations and societies. The Mechanism of distrust practices formalizes and rationalize behaviour to reduce insecurity. Transparency directs behaviour with incentives and penalties. The basic idea is that people who are inspected behave appropriately to avoid penalties. Unintended consequences Transparency enhances expert participation: Transparency produces more and more information, which in turn hides related information such as a needle in a haystack. Only connoisseurs and organizations can manage information overload. Transparency proposes neutrality but excludes deviant methods: formalizing work methods and speaking always distinguishes certain groups while excluding a wide range of other methods. Transparency is not neutral, it is a rhetorical strategy. Since there are no final criteria to ensure the reliability of the information, and those who do not search for information are always looking for treason. (Vincent August, 2018)

Corporate governance structures are to be sure that minority shareholders get reliable info about the value of corporations and major shareholders do not deceive them of the value of their



investments and inspiring bosses to increase the value of the corporate and not to aim to personal goals. (Bushman, 2003). Information is a serious element of well-functioning electronic markets, both economic and political. More info grants good analysis and evaluation of events important to social and economic well-being. It grantee that decision makers take good assess opportunities and manage risks and reinforces the possibility that decisions markets will enhance social welfare. Modern microeconomics, as well as, macroeconomics and finance depend on theories on how to formulate expectations using the information available to decision makers and how these expectations are translated into actions that influence future outcomes. There is an enormous set of information that can be valuable in making economic decisions: to give some examples, it can vary from simple information about products price, to disclosure of government processes, operations and laws, to disclosure of private company accounts, or ownership of individual assets or income. Information is believed to be critical in influencing how a country is governed, how efficient markets are and how accountable private business is to its customers and shareholders. Consumers (including producers and companies that consume information) and citizens will only require information if it is considered useful and will only pay for it if they cannot obtain it free. Countries are often described as either lacking or lacking in "culture". Of openness. There is a strong positive relationship between transparency and governance, with the likely impact from the first to the last, meaning that greater transparency improves economic management. Transparency indicators are taken the relationship between some not constants considered valuable in explaining the indicators of governance and governance is not always important. (ISLAM, 2006). Company transparency is defined as reliable, relevant info about periodic performance, governance, value and company risk traded on the exchange. BPS is developing a company transparency measurement system that is more comprehensive than the local company disclosure intensity index used in previous studies of several countries. Company transparency measures are categorized into first, quality measures of company reports, including the severity of measurement and reliability to disclose information. Second, measures of intensity to get private information, including the proliferation of pooled investment plans and insider trading activities, and third the measures of quality information dissemination, including media penetration and private sector ownership. (Bushman, 2003). The goal of many of the proposed corporate governance reforms is to increase transparency. This goal has not been relatively controversial, with most observers believing that increased transparency is unambiguously good. From a company governance point of view, there are some costs and benefits for increasing transparency, leading to the best level after increasing transparency which drives to low profits. This result applies even if there is no direct cost to improve transparency and there is no problem in disclosing information to regulators or product market bidders.



There is also the possibility that executives distort information, also they may have incentives for their professional concerns they have, to increase transparency and according to that the consequences will be increased for distorting information, which may downgrade the profits. Transparency reduces asymmetric info therefore the cost will be reduced for trading securities and the capital. The effect of revelation of the contractual relationship and the monitoring between the board members and the chief executive officers and the quality of information disclosed as a choice variable that affects contracts and their managers. During its impact on company governance, disclosure of high quality provides benefits and imposes costs. The benefit lies in the fact that more accurate performance information allows boards to make better decisions about employees about their chief executive officers. Costs increase due to executives must be recompensed for the high risks to their professional careers at higher levels of disclosure. Moreover, since they deal directly with corporate governance, they are in line with common notions about why information is disclosed to the information. Owners endeavour to assess the CEO's ability based on the information available to them, and replace it if the rating is too low. The CEO has professional concerns, so he is concerned about transferring information to the wider market. This anxiety provides him with incentives to do what he can to influence the value and informational properties of information that the owner can access. External organizational changes that affect the quality of the disclosure and consequently affect both information available to owners, and the CEO response to information. (Weisbach, 2007). Conclusions; Transparency provides a strong institutional environment for control of officials. It does this by converting their behavior into formal procedures. However, transparency generates neither security nor citizen participation, as it undermines its goals in the same way that it tries to achieve them. (ISLAM, 2006)

Governance & Accountability

It comes a lot to our ears the term “governance” and has become so increasingly used, Governance has been used before in governmental speeches then afterwards become used in several contexts such as corporate governance, international governance and national governance as a road map to maintain sustainable development and credibility, the below paragraphs will illustrate from where “Governance” concept has been increasingly regarded and why there is a great need for such control concept to mitigate the manipulation and fraud that will deteriorate the economy in return since Lack of governance has been regarded as “the root cause of all evil within our societies”. Why



Governance? After the financial crisis happened in the Singapore 1997-1998 and investigating the root causes behind that unpredicted failure, the main reason was the lack of control on some companies' boards of directors and how they manipulate publishing fake report and revenues in companies financial statements or hiding the real losses, such manipulation used to attract the investors and shareholders to trust the company's performance and accordingly raise the value of stocks in the stock market meanwhile returning personal profits to CEO's and directors through manipulations, where such profits has no real existence, it deteriorates the economy as an implication of investing in such uncontrolled corporates also lack of transparency and responsiveness due to missing organized framework structure between board of directors and stakeholders obstruct them from monitoring real firms situations. Such cases happen for the instance in Barlings Bank, ENRON, [Arthur Andersen](#), China Aviation Oil.

The Enron scandal: As stated by "Wikipedia" The Enron scandal, publicized in October 2001, eventually led to the [bankruptcy](#) of the [Enron Corporation](#), an [American](#) energy company. In the early 1990s, ENRON initiate the [selling of electricity at market prices](#), and with the significantly successful revenues Enron became the largest seller of natural gas in North America by 1992, later on the company proceed setting new plans through diversified business and solution aiming further growth and the fact that the company has increased its revenues has been achieved from the new business. "Wikipedia" Enron's stock increased from the start of the 1990s until year-end December 31, 2000, Enron's stock was priced at \$83.13 and its market capitalization exceeded \$60 billion, 70 times [earnings](#) and six times [book value](#), an indication of the stock market's high expectations about its future prospects. Such extreme growth and profits were confusing to shareholders and accordingly further investigation about the corporate business plan figured out that incorrect misrepresenting earnings and unethical practice has been noticed and manipulated balance sheets to indicate favorable performance and these manipulations have been covered by one of the most known Financial Audit bureau "Arthur Anderson" and eventually this result corporate failure and bankruptcy. Governance is used to be linked to ruling and control, specifically the method of exercising power. Good governance has the following main components: Legitimacy, where the government has the approval of governed accountability that ensures transparency and responsibility for techniques, respect for the law and the protection of human rights and efficiency, which consist of effective policy making and implementation which will affect the delivery of services. It is described as forming and supervising formal and informal rules that regulate the public sphere, the square in which the state interacts as well as economic and social actors to make decisions. Governance clarified the mechanisms that the organization uses to ensure that its



components follow its established processes and policies. This is the primary way to maintain oversight and accountability in a coherent organizational structure. (United Nations Committee , 2006). Governance is defined as the setup of the formal and informal rules that control the public realm. Governance clarifies the systems an organization uses to make precise that its modules follow its proven processes and policies. It is the primary way to maintain oversight and accountability in a carelessly coupled organizational structure.

Researches have been done to elucidate the ideologies of governance. Institutional mechanisms and structures for delivery of those public goods, and processes by which such forms and mechanisms operate. It emphasizes speech of interests by various stakeholders, specially the previously excluded and the marginalized. Governance classifies that differences among various interests around public goods, and the preferred modes of delivering the same, would essentially exist in a democratic society. Humble governance is being progressively considered as most important root causes of all corrupt applies within societies. There are quite a lot of barriers in upholding blameless governance. Corruption is the Earliest one. In every civilization, enormous percentage of national spending is lost in corrupt observes. Accountability is the responsibility, merit, and expectation of giving account-giving (Dykstra, 1938). It is often described as a relationship between an account and individuals, for example “A is accountable to B when A is obligated to inform B about A’s actions, to justify them, and to punish in the event of eventual misconduct” (Schedler, 1999). Accountability cannot exist without appropriate accounting practices. Accountability becomes a critical concept in maintaining good governance. Simply put, accountability means being responsible for performing the tasks assigned to someone; if the specific task is selecting the beneficiaries of the scheme, accountability will show if the choice was made by applying the principles, and following the procedures set forth, on a timely manner within budgets selected. Therefore, accountability needs a clear description of the responsibilities to be accomplished, the period and budget available to perform those tasks. It also affords is the responsible authorities have the competences and resources to accomplish these tasks. (Debroy, 2004). Accountability is essential to governance as it assesses the ongoing effectiveness of public officials or public bodies and ensures that they perform to the best of their potential, providing value for money in providing public services, transferring belief in government and responding to the community. Horizontal accountability is the prerogative of state institutions to verify the operations of exploitation of public agencies and other divisions of government, or the requirement that agencies report side parts. (UNDP, 2007). Accountability is transparency coordination function.



If the system of government is clear, it is sufficient to enhance accountability, transparency and accountability are connected to the organization's goal (Tandon, 1995). Transparency and accountability in governance decrease corruption and improve accountability. In practical terms, the ruling movement will face major disadvantages. Mismanagement is increasingly seen as the root causes of all corrupt practices within societies. Many challenges arise in good governance keeping. The first is dishonesty and corruption. In every civilization, a huge proportion of national expenditures are lost in corrupt practices. Another major factor is the globalization process. Rosabeth Kanter said globalization could be described as a process of change arising from the integration of increased cross-border activity and information technology that allows for almost instantaneous contact at the international level. There are many challenges that arise from globalization that will affect good governance. Foreign labor arrives because of the economy without borders. Foreign companies easily enter the national market. Globalization also affects laws and regulations, especially with regard to trade, import and export taxes, foreign worker migration, SMEs, and consumption fees. Political interference also negatively affects the process of good governance. Experts advised that it is important for civil servants to have a neutral attitude when it comes to political belief. Extremism also disrupts good governance. Good governance is believed to be self-ruled. It is participatory, transparent, accountable and fair and supports the rule of law. This specifies the formation of an institutional framework that recognizes the legitimate will of the people. Dedicated governance requires a combined long-term strategy based on cooperation between the government and the population. It involves the participation of institutions. (Solomon, 2007)

Arthur Andersen was one of the [five largest audit](#) and [accountancy](#) partnerships in the world and as per "Wikipedia" Following the [2001 scandal](#) in which [energy giant Enron](#) was found to have reported \$100bn in revenue through institutional and systematic [accounting fraud](#), Andersen's was the audit bureau assigned to review and approve ENRON financial statement and balance as an independent accounting office. After digging for the root causes and assigning investigating Committee to stand on the real causes, the committee came to the following assessment: "The evidence available to us suggests that Andersen did not fulfill its professional responsibilities in connection with its audits of Enron's financial statements, or its obligation to bring to the attention of Enron's Board concerns about Enron's internal contracts over the related-party transactions". Besides being convicted of [obstruction of justice](#) for shredding documents related to its audit of [Enron](#), the impact of the scandal combined with the findings of criminal complicity ultimately destroyed the firm. And the investing committee finds suspicious money transfer to some of the



auditors that considered as a bribe to approve and publish unreal corporate earnings. This case was considered the largest bankruptcy reorganization in American history at that time, Enron was cited as the biggest audit failure and deteriorate the American economy badly. Accordingly, The concept of "governance" as per Mr. Yap Kioe Sheng is the process of decision-making and the process by which decisions are implemented (or not implemented) and best paradigm to implement Governance concept to avoid corporates failure and financial crisis is to set a framework structure to guarantee the company's real performance and with respect to all stakeholder's interests, such applications and framework should be Agile and able to be developed with respect to the surrounding changing environment, through this perspective the Government, Corporates will attain stability that will implicate stability in the financial and economic environment. Governance should set a framework structure that attain transparency for every aspect in the business to all stakeholders with respects to rule, law and regulations and at any time. Such framework must be enforced with independent, credible auditors. The strength of corporates and its stability along with trust in best usage of assigned available resources bring trust and confidence in the overall economic environment and make it attracting to all investors and as per Mr. Yap Kioe Sheng Major donors and international financial institutions who basing their aid and loans on the condition that reforms that ensure "good governance" are undertaken. How Good Governance in Corporates, national and international organizations achieved?, Good governance has 8 major characteristics as per Mr. Yap Kioe Sheng. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

Conclusion; Governance is the decision making procedures and the processes by which decisions are applied. The government is one of the governing actors. Beneficial governance must be responsive to the organization and have a fair legal system to provide protection to society. Good governance is measured and connected to accountability, transparency, directness, predictability, participation, political legitimacy, independence of association, and participation in the governance process, and a consistent legal scheme based on the rule of law and judicial independence to protect human rights and freedom of information and expression. Ruling on the rule of law and the spirit of the law can be relied upon, does not result from this and cannot be justified by unlawful or legally suspected acts. Mismanagement can undermine the legitimacy of public institutions and interrupt



policy goals. The external drive to change strategy is replaced by local commitment and ownership of reform ideas to strengthen governance. Governance is the effort of all countries, societies, and organizations to achieve minimal governance to ensure its sustainability. (Kemp, 2005). However, there is a growing trend that highlights the needs to implement Governance and good Governance to reflect and mitigate corruption and secure real results and performance that totally enhance the society and economy, there is no common clear vision on the ideal practice or example that reflect perfect governance implementation in governments or corporations, but being anyway close to its requirement is considered a success itself, it provides a roadmap to prospective target aiming all stakeholder success, wiping out the domination of specific people power and possibilities to fall in the trap of corruption and seeking personal benefits. With such a growing trend and organizational support will set clear foundation for sustainable development and a better future. **The Importance of Accountability in Governance;** To Evaluate the effectiveness ensures their full potential performance, the provision of public service make confidence in the government, to the community they meant to serve. **Accountability Types - Horizontal and Vertical Accountability;** Horizontal accountability is represented in parliament and the judiciary, which may eventually punish, or discharge the responsibilities from an official. While vertical accountability is the way through citizens, mass, media and civil society seek to force officials for performing well. While parliament is typically considered to be the key institution in for horizontal accountability, it is also very important in vertical accountability. Citizens and civil society seek the help of their elected representatives in case of inadequate or inappropriate action from government. Additionally, through public hearings in parliament and committee investigation, parliament is providing a vehicle for people voice and a meaningful way which the citizens and civil groups can ask the government and seek parliamentary questioning where appropriate. **Political and Legal Accountability;** Parliament and the judiciary which is the horizontal constitutional accountability checks on the executive power. These institutions role can be more in the parliament holds the executive politically accountable, while the judiciary holds that executive legally accountable. These classifications based on fact parliament is just a political institution, while the judiciary is based on legal issues. Both are providing oversight in order to keep every government accountable throughout its responsibility. They can also aided by other institutions, such as anti-corruption commissions, supreme audit institutions, and human rights institutes. They are named secondly autonomous institutions of accountability which are aimed to be independent of the executive; in the case of anti-corruption commissions and supreme audit institutions they report to parliament while in the cases of human rights institutes, they are a part of the judiciary. There are a diverge of a minority of commentators in their opinion towards horizontal and vertical accountability. This



conception of vertical and horizontal accountability relies on the relationship between each party to determine whether each party exercises vertical or horizontal accountability over the other party. This is considered to be defined as a classic top-down relationship, whereby the principal can delegates it to the agent, that agent is accountable to the direct superiors in the chain of command and this is equivalent to a form of vertical accountability. In Parliamentary systems the public official answers to the agency minister, while the department answers to the minister, he had to answers to the parliament, and the parliament answers to citizens. Parliament is a key actor, as principal, it requires the government and its officials, as agents, to implement the policies, laws, and programs it has approved. Parliament is also considered as an agent; in that, they elect legislators for laws and oversee government actions on their behalf. The dissatisfied voters during the election time can recall their elected representative and vote for another representative. In the absence of the direct relationship relegates the accountability relationship to one of horizontal accountability and social accountability. In order to be horizontal or social accountability a hierarchical relationship is generally lacking between actor and forum, as are no formal obligations to render the account.

Social Accountability; The social accountability is building accountability and to rely on civic engagement, whereby citizens and civil society organizations can participate in any way in accountability. Such social accountability is also referred to society driven horizontal accountability. The term social accountability is not meant to refer to a specific type of accountability but refers to an approach or a set of mechanisms. These Mechanisms of social accountability may be initiated and supported by the country, citizens or both, but very often they are driven and operated from the bottom-up. Some accepted that social accountability mechanisms are a type or example of vertical accountability. While, a minority of the commentators argue that, giving account of stakeholders occurs on voluntary basis with no intervention on the part of the principal. So, social accountability would be a form of horizontal accountability. The role that legislators are to overlook in considerations of social accountability and add weight to such grass roots accountability mechanisms. As an example, A Parliament member can represent the concerns of his constituents by questioning and asking a Minister during Question Period in Parliament or by directly requesting information from a government department or ministry.

Diagonal Accountability; This concept of accountability is far from settled with two groups adopting different definitions. This form of accountability seeks to engage citizens directly in the workings of institutions for horizontal accountability. This effort is to be enlarged the limited effectiveness of civil society instead, just watching and leave all the control to the government to have their responsibility for official executive oversight.



Small and Medium Enterprises Governance

Governance is that the term for the method in which a gaggle of nonesuch like a rural gets things done. A few gatherings produce a focal power to make your mind up however matters location unit to be executed. Governance is not quite the same as politics. It is additionally but government recognizing influences parents in this state. Enterprises governance is the relationships that manage of a corporation and its tasks, portfolios, infrastructure, and strategies.

Growing international locations' rectangular measure currently gradually keeps the concept of pleasant employer governance, attributable to its potential to affect without a doubt on belongings increase. It's believed that clever governance generates capitalist goodwill and confidence; it's far visible because the Method and structure won't direct and manipulate the industry affairs of the in the direction of enhancing enterprise prosperity with the very last word objective of figuring out semi-permanent stockholder rate whilst taking below attention the hobby of various stakeholders. Small and Medium Enterprises Governance Have different definitions based on the size, ownership type, number of employees, ...etc. Some attempt to use capital belongings; others use the ability of labour and turnover level. some even outline SMEs in terms of their legal reputation and method of manufacturing. The scale of the Enterprises has been described in one of the kind contexts, in phrases of the wide variety of employees, annual turnover, and industry of organization, ownership of organization and price of fixed property. The British department of exchange and enterprise has kept up that the depiction of a little organization remains that utilized by the Bolton board of trustees in its 1971 document on little companies. This said that it's miles an unbiased enterprise, controlled by its proprietor or part-owners and having a little piece of the overall industry. European fee followed the definitions for SMEs as companies with much less than 250 personnel; less than €40 million turnover and much less than €27 million overall assets; high-quality equity assets (shareholders' equity) and additionally superb internet earnings. **What's Enterprise governance?** Many definitions have been given to Enterprise governance. It's been characterized by utilizing Keasey et al. (1997) as the frameworks, procedures, societies, and frameworks that cause the effective activity of the associations. Enterprise governance also seen because the complete set of measures taken inside the social entity that is an employer to choose the economic retailers to participate inside the efficient system, to generate some organizational surplus, and to installation a fair distribution between the companions, taking into account what they've introduced to the corporation. The impact of the law on Enterprise governance occurs through its effect on how agencies are owned, the form wherein they're managed and the



procedure by using which changes in possession and manipulate take location. possession is set up through organization regulation, which defines belongings rights and income streams of these with pursuits in or against the business employer.

The Enterprise governance Guidelines

Guideline 1 - Establish solid frameworks for control and oversight. Enterprises were surrendered to set and uncover the different jobs and obligations of board and the executives and surrendered to set the capacities saved to the board and people designated to senior administrators and uncover those capacities. **Guideline 2:** structure the board to work worth. Companies have to have top management of an efficient composition, length, and commitment to effectively discharge its obligations and obligations. the jobs of the chair and a chief officer shouldn't be exercised via a similar person. The top management should build up an assignment panel. firms should uncover the methodology for assessing the presence of the board, its councils, and faculty executives. **Guideline 3** - sell moral and responsible basic leadership. Enterprises should effectively advance moral and dependable basic leadership. companies must set up a code of conduct and reveal the code or an define of the code at the practices vital to take care of self-assurance in the agency's integrity, the practices essential to require into attention their criminal obligations and consequently the cheap expectancies in their stakeholders and to establish a coverage regarding commercialism in enterprise securities via directors, senior executives and staff, and divulge the coverage or a define of that policy. **Guideline 4:** shield respectability in financial inclusion. Enterprises must have a structure to severally check and watch the trustworthiness in their money related protection. the board ought to set up an associate degree audit committee. the audit committee must be structured, so it includes non-executive directors.

Guideline 5– develop a convenient and adjusted discourse act. Businesses must promote timely and balanced speech acts of all fabric subjects regarding the company. ought to build up composed rules intended to ensure consistency with the endeavor's standard discourse act wants.

Guideline 6 – respect the privileges of investors. Offices must perceive the privileges of investors and encourage the amazing practising of these rights. partnerships need to style interchanges inclusion for selling powerful discussions with investors and motivating their support at standard gatherings and unveil their arrangement or characterize that inclusion.

Guideline 7 – recognize and control risk. Corporations have to set up a system of danger oversight and management and control. the board needs to want the control to style and enforce the



change control and manipulate the device to control the enterprise's material commercial enterprise dangers and file again to it on whether or not the ones dangers vicinity unit being managed efficiently. the board should uncover that administration has recommended to that at the adequacy of the undertaking's administration of its material endeavor threats.

Guideline 8 – compensate fairly and responsibly. Enterprises ought to guarantee that the amount and piece of compensation are agreeable and modest which its relationship execution is clear. The board should build up a compensation advisory group. corporations should sincerely distinguish the shape of non-government administrators' recompense from that of government administrators and top management executives.

Conclusion

The African scholars identified the greatest challenge when consulted by the World Bank in 1989. They emphasized a crisis in state-society relations, which was a local political and not an administrative challenge ([Mkandawire, 2007](#)). They made the argument that the aid invasion and international governance of the 1980s, and the concurrent atrophy of local governance, undermined and weakened the social contract in Africa. Challenges for democratic consolidation were, and still are, about changing state-society relations as the sine qua non for development ([Mkandawire, 2006](#)). It was the view of African scholars that sustainable development and the legitimacy of democracy would never be achieved without paradigms, strategies and agendas that favored only African peoples ([Ake, 1996](#)). The imperative for transformative change was a more active role for the state in market economies, a broader base for policy initiative, and a more nuanced and context-specific approach to the unique and diverse conditions among disparate African environs ([Mkandawire and Soludo, 1999](#)). There were Africa good initiatives for change. The Lagos Plan of Action and the Final Act of Lagos (1980) set out a local vision centered on the indigenization of development policy; showing a great attempt by African leaders. The New Partnership for Africa's Development (NEPAD) 2001 was a try to establish a more constructive relationship with the global north. It launched a tool for self-appraisal on governance. The African Peer Review Mechanism (APRM) 2003 was founded to measure performance across political, economic, corporate and socio-economic spheres, and to demonstrate Africa's commitment to addressing its governance issues. At the time of writing, there were 38 member states of the APRM. Member countries within the APRM undertake self-monitoring in all aspects of their governance and socio-economic development. The APRM Review Process gives member states a space for national dialogue on governance and socio-economic indicators and an opportunity to build consensus on the way forward



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