The State Model of Corporate Governance

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Abstract : A theoretical framework for corporate governance is needed to bridge the gap between the corporate governance of private companies and State-owned Enterprises (SOEs). The two dominant models, being shareholder and stakeholder, do not always address the specific requirements and challenges posed by 'hybrid' companies; namely, previously national bodies that have been privatised bffu t where the government retains significant control or holds a majority of shareholders. Thus, an exploratory theoretical study is needed to identify how 'hybrid' companies should be defined and why the state model should be acknowledged since it is the less conspicuous model in comparison with the shareholder and stakeholder models. This research focuses on 'the state model of corporate governance to understand the complex ownership, control pattern, goals, and corporate governance of these hybrid companies. The significance of this research lies in the fact that there is a limited available publication on the state model. The outcomes of this research are as follows. It became evident that the state model exists in the ecosystem. However, corporate governance theories have not extensively covered this model. Though, there is a lot being said about it by OECD and the World Bank. In response to this gap between theories and industry practice, this research argues for the state model, which proceeds from an understanding of the institutionally embedded character of hybrid companies where the government is either a majority of the total shares or a controlling shareholder.

Keywords : corporate governance, control, shareholders, state model

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