



Privatization of State-Owned Enterprises Has Been Endorsed Globally Since 1990, but There are Still Many Companies in Government Hands. A Review of the Appropriate Corporate Governance Strategies for Managing These Companies and Those in Private Hands

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ABSTRACT

The introduction of 'information technology' in the late 1950s brought in its wake increase in workflow efficiency which led to better performance of businesses to achieve organizational goals. Privatization of State-Owned Enterprises (SOEs) was championed by the formation of Organization for Economic Co-operation and Development (OECD) in the early 1960s to enable governments concentrate on their core mandate of managing their economies well. This has helped the OECD nations to perform better. However, there are still many companies in government hands, as these regimes still run, control and have oversight management of SOEs. The OECD, therefore, developed the Guidelines on Corporate Governance for SOEs to favour both the SOEs and privatized companies of nations in such a way that organizations would give better account of their stewardship to their citizenry. The guidelines introduced by the OECD are also to enhance the achievement of competitive advantage by organizations in the global economy of intense competition, especially during this technological age of business. For efficient management of all businesses, the OECD has also produced guidelines/principles for non-listed companies.

Key words: Information technology, privatization, governance, OECD, SOEs, guidelines, principles and competitive advantage.

INTRODUCTION

Oversight management of State-Owned Enterprises (SOEs) have saddled many governments with lot of problems; difficulties including taking a chunk of governments' time, finances and resources which would have hitherto been devoted and properly used to manage other sectors of the economy. Privatization of enterprises/organizations in the developed nations became vogue in the 1990s, as a way of getting around the problems posed by the SOEs (OECD, 2005). However, the developing and under-developed nations are still burdened with many SOEs in the hands of governments; it has not been easy-going for most of these nations' governments to transfer the SOEs to private entrepreneurs, as these regimes still run, control and have oversight management of SOEs.

According to Mensah, Aboagye, Addo and Buatsi (2003), corporate governance is a set of arrangements through which enterprises account to their stockholders and stakeholders. Furthermore, corporate governance supports economic development of nations by promoting efficient and effective use of resources, and thereby fashioning out circumstances to attract both domestic and foreign investment. SOEs as organizations, are equally required to account to their stockholders and shareholders; so, a good corporate governance along the lines of decent political and social governance should form the standards for democratic and market-based economy (Mensah et al., 2003).

Hornby (2001) defines privatization as the transfer/disposing of a business/industry/service from public to private ownership and control so that it is no longer owned/managed by the government. According to OECD (2005), many of the non-Organization for Economic Co-operation and Development (OECD) countries still have more SOEs on their hands; this has tremendously affected the resources of these nations, due to the inability of other sectors of their economies to get enough injection of capital and time for good planning to boost needed national programmes.

OECD ON PRIVATIZATION AND GOOD GOVERNANCE OF SOES

OECD (2005) mentioned that the non-OECD countries have been reforming the way in which they organise and manage their SOEs and are prepared to share their experiences, including problems they encounter, with OECD countries in order to get support from them. Furthermore, due to the exigency of problems faced by the non-OECD countries, the OECD Steering Group on Corporate Governance in June 2002 tasked a Working Group to address these problems; the Working Group on Privatisation and Corporate Governance of State-Owned Assets was to develop a set of non-binding, working and best practice-guidelines on corporate governance for SOEs (OECD, 2005).

OECD (2005) intimated that the Working Group, which comprised representatives from OECD member countries with observers from, example, the World Bank, undertook comprehensive consultations during the development of the guidelines on corporate governance of SOEs. Additionally, the Working Group also consulted with a wide range of interested parties, example, board members and CEOs of SOEs and Unions, and conducted extensive consultations with non-member countries (OECD, 2005).

Just like the process the OECD adopted for the drafting of the *Principles of Corporate Governance* (OECD, 2004), the same approach was taken when the draft guidelines were posted on the OECD website for public comments. This resulted in a significant number of useful and constructive comments, which were also posted on the OECD website (OECD, 2005).

The OECD (2005), however, declared that corporate governance of State-Owned Enterprises has been a major challenge during implementation of the *Guidelines on Corporate Governance of SOEs* in many economies of nations. Moreover, it is important to note that until the OECD appeared on the global scene with its *Guidelines on Corporate Governance of SOEs*, there had not been any internationally accepted benchmark to help governments assess and improve the way they exercise oversight and ownership of these SOEs; however, the SOEs often constitute a significant share of the economy, as asserted by OECD (2005).

Department of Information Resources (1998), Hitt, Black and Porter (2004), Dessler (2004) and OECD (2005) confirmed that the decade of 1990s saw a wave of many changes blowing through the global business markets; organizations metamorphosed from the traditional way of doing business to the modern, global and technological approach. According to them, this change brought in its wake, example, privatization, public-private partnership, strategic alliances, deregulation, joint ventures, mergers and acquisitions, which became the order of the day (Department of Information Resources, 1998; Hitt, et al., 2004; Dessler, 2004; OECD, 2005). Thompson and Strickland (2001), and Porter and Kramer (2002) informed that this trend might have apparently been triggered by the introduction and increasingly use of Information Technology (IT) globally to enhance business performance; in addition, the trend might be due to the intense competition for global economies/nations to achieve market integration and competitive advantage. Moreover, and likely, the trend might have been phenomenal as a technique to reduce risk, increase flexibility and capital mobilization, income, shareholder value and dividends (Thompson & Strickland, 2001).

According to OECD (2005), the OECD *Guidelines*, developed for Corporate Governance of State-Owned Enterprises could take over the important gap which has been created and existed for long time; this will enable governments still holding on to SOEs, to effectively and efficiently manage the SOEs, and yet concentrate on solving more pressing needs of the various sectors of the economy.

The OECD *Guidelines on Corporate Governance for SOEs* have attracted global interest from many different stakeholders. The strong support that OECD has enjoyed for this work, and the broad endorsement of the *Guidelines*, have given the assurance that they will be widely propagated and seriously used in both OECD and non-OECD countries.

However, as opined by OECD (2015), a major challenge that confront governments would be to find a balance between nations' responsibility for actively exercising their ownership functions; example, the nomination and election of the board, while at the same time refraining from imposing undue political interference on the management of the company. Additionally, OECD (2015) mentioned another important challenge, how nations would ensure that there is a level-playing ground in markets where private sector organizations could compete with SOEs; example, that governments do not change competition in the way they use their regulatory or supervisory powers.

Nevertheless, there are enough experiences garnered from the use of the *Guidelines on Corporate Governance for SOEs* to indicate concrete suggestions on how these problems could be solved for the non-OECD countries (OECD, 2015).

OECD (2005) and OECD (2015) proposed that, for example, nations should exercise their ownership functions through a centralised ownership entity, which would act independently and in accordance with a publicly disclosed ownership policy. Besides, the guidelines suggest the strict separation of nations' ownership and regulatory functions; when this is properly implemented, in relation to the other recommended reforms, it would go a long way to ensure that state ownership is exercised, but in a professional and accountable manner (OECD, 2005; OECD, 2015). This would then lead these nations to play a more positive and meaningful role in improving corporate governance across all sectors of their economies.

As pointed out by the OECD (2005) and OECD (2015), in several OECD and Non-OECD countries, SOEs still represent a substantial part of Gross Domestic Product (GDP), employment and market capitalisation. Moreover, it has been found out that SOEs are popular and still active, especially, within the utilities and infrastructure industries, example, electricity, water, transport and roads (OECD, 2005; OECD, 2015).

Good example could be found in the Ghanaian community, where in the transportation infrastructure business, for example, in the market of commercial transportation, broad masses of the citizenry prefer boarding the government-controlled buses from their homes to work in the business centres, due to the low approved transportation charges which apparently meet their pockets. The services rendered by these buses (even one of such companies - Metro Mass Transport Company - have had it buses named unofficially after a former president of Ghana – ‘Kuffuor Bus’) are tremendous and lovely to the Ghanaian community (Metro Mass Transit, 2022).

Though there are many privately-owned transportation businesses in the Ghanaian community who operate within the country, majority of the citizenry still prefer to board the buses and trains with oversight responsibility by the government. These people are normally low scale entrepreneurs, and therefore, could only manage the controlled transportation charges from the public transportation company; prices normally charged by the private transportation companies are always higher, comparatively. However, in the case of the trains, most people board it in the Accra-Tema railway line, since the journey is always smooth without traffic jams, as found in the road transport (Metro Mass Transit, 2022).

WHAT SHOULD BE THE PROPER CORPORATE STRATEGIES FOR COMPANIES STILL IN GOVERNMENT HANDS?

The OECD (2005) and OECD (2015) created the awareness that the ownership and commercial use of enterprises by nations’ governments have variously been of a mixture of social, developmental, economic and strategic interests. Some of these interests have been for industry regulation and, regional and community development, to enable governments regulate and provide public goods of what the natural environment supplies for its citizens (OECD, 2005; OECD, 2015).

However, the decade of 1990s witnessed an upsurge of global technological changes, deregulation of previously monopolistic business markets, free market system and changing business environment for organizational effectiveness, which brought in the restructuring of the SOEs (McCann, 2004.; Manne, 2003; OECD, 2005). This led to the wake of privatization, outsourcing, public-private partnership, strategic alliances, deregulation, joint ventures, mergers and acquisitions (Glassman, 2005; Daft, 2003; De Wit & Meyer, 2004; Dessler, 2004, OECD, 2005).

According to the OECD (2005), through these developments, the OECD was served with the necessary input to develop the necessary *Guidelines on Corporate Governance for SOEs*. This emphatically, projects the *Guidelines* as authentic, and are based on governmental and corporate needs as have been developed, to enable nations that still control the operations of SOEs to know that a better management approach is available from the OECD (2005).

The *Guidelines on Corporate Governance for SOEs* have, therefore been developed with the appropriate course for governments still managing SOEs to have a provision of good management policies for the SOEs. These six (6) *Guidelines* were initially developed by the OECD in 2005 and amended/edited to be seven (7) in 2015. The seven (7) strategies provided by the OECD, known as *Guidelines on Corporate Governance for SOEs, edition 2015* would be explored to know how they could help governments come out of the quagmire they find themselves. These are:

Rationales for state ownership

According to OECD (2015), enterprises of the state or SOEs normally operate under a very laborious, legally complex and regulatory framework. When this framework is not consistent with, particularly, the governance rules and laws of the nation under consideration, it could disorganise, and even distort the market structures on the ground. This would intend undermine rendering of proper accounts when it is due.

In view of this, there is the need for the government to develop a clear division of labour among the authorities controlling the enterprise, i.e., ownership policy. This, therefore, necessitates a level playing ground in the markets where the SOEs and the private individual organizations operate, in order not to involve in any collision, and render the operating markets distorted (OECD, 2015).

Governments generally, wield lot of powers, as said by the OECD (2015), and could therefore, demolish the privately owned enterprises completely. To be fair to all, the first of the guidelines mentions the need for clear separation of powers between the nation's ownership functions and other state functions, so that no SOE would be influenced by the nation's functions, particularly with respect to market functions and privileges.

Again, the ownership policy must undergo concrete procedures of political accountability and disclosure to all and should be reviewed at regular intervals (OECD, 2015).

Moreover, OECD (2015) warned that, the nation should have a policy on the rationale for owning specific SOEs and be subject to periodic review; any objective/goal in the policy to be achieved must be mandated by the relevant authorities and be known by all.

Additionally, in situations when the undertaking includes a regulation of products, example, gasoline, the ministry for energy would have to take responsibility for managing the product, as practised, for example, in Ghana. In the Ghanaian economy, the Ministry of Energy (an SOE) lifts petroleum products from the Tema Oil Refinery and distributes the same to the Oil Marketing Companies (OMC), which sell to the citizenry (Ministry of Energy, 2020). Furthermore, it would not even be out of place if the responsibilities are incorporated in the company by-laws for people to be officially informed.

The state's role as the owner

OECD (2015) narrated how governments should simplify and standardise how SOEs are to operate legally, and follow accepted norms so as not to create any confusion within their nations. Furthermore, there is the need to ensure that governance of SOEs is transparently conducted in an accountable, professionally, efficient and effective manner.

The government should, therefore, develop and give out ownership rights that would define the overall objectives of the ownership, specifying the nation's role and how it would implement its ownership policy in corporate governance of SOEs (OECD, 2015).

Moreover, OECD (2015), added that the nation should allow boards of SOEs to exercise their responsibilities and respect their independence. In that case, the ownership rights should be consolidated in a single ownership entity or carried out by a co-ordinating body; this body must have the capacity and competencies to carry out its functions effectively. In this case the ownership entity should be made to account for the activities of the entity to the relevant representative bodies and have defined relationships with relevant public associations, including the nation's supreme audit institutions (OECD, 2015).

Furthermore, OECD (2015) inferred that the nation should act as an informed and committed owner and exercise its ownership rights according to the legal structure of each enterprise. The nation should, therefore:

- i. be represented at the general shareholders meeting and exercise its voting rights;
- ii. establish a well-structured and transparent board nomination processes to actively participate in the nomination of all SOEs boards;
- iii. set and monitor the activities of the mandates and objectives/goals for SOEs, including achieving financial targets;
- iv. set up a proper reporting system to allow the ownership entity to regularly monitor, audit, assess and monitor SOEs corporate performance;
- v. develop a disclosure policy for SOEs to know what information should be disclosed and the right channel to the public for ensuring quality dissemination of information;
- vi. maintaining continuous dialogue with external auditors when appropriate and permitted legally; and
- vii. establish a clear and periodic review remuneration policy for SOE boards to attract and motivate qualified professionals (OECD, 2015).

The above would help the nation to properly situate itself in the need for clarification and prioritisation of performance of SOEs. Additionally, this would goad the SOEs in achieving perfect market status and pursue profitability in the form of attainment of targets, for example, dividend-payment policy. In this case, objectives set may include trade-offs, for instance, involving shareholder value and job security.

Job security in this modern technological age is, however, non-existing in most nations, as the global unemployment rate is just too high, but better for the OECD nations, as the regulations are controlling the unemployment rate (OECD, 2022). Mostly, the youth who might have attained the requisite training are the affected ones, as could be found in the non-OECD nations. The *Guideline 2* silently alluded the fact that government should not indulge in day-to-day running of SOEs, but rather allow SOEs to have full operational control to enable them achieve their defined objectives. The nation could structure nomination procedures for boards, as the owner of the enterprise, for the selection of competent persons, so that a clear and consistent ownership strategy and effective ownership rights would be established.

The implication from the above is about the situation where party cronies without sufficient and proper competence are chosen to boards of SOEs; this should be a thing of the past. Board

members should be allowed to exercise their responsibilities and be made independent. Again, no government should be allowed to intervene in the day-to-day management of SOEs, as this does not augur well for managing and, consequently, lead to inefficiency of operation within the SOEs. It is hoped that this direction would be followed, as in Ghana, it is the other way round, where the government chooses board members for most of the SOEs.

State-owned enterprises in the marketplace

OECD (2015) reckoned the ownership and other state functions of SOEs should be separated so as not to influence any market regulation; there should be disclosure and transparency regarding cost and revenue structures when SOEs combine economic and public activities.

Furthermore, stakeholders, stockholders and all interested parties should have access to unbiased redress of legal/arbitration processes when their rights are violated and that costs related to public activities should be funded by the nation with a disclosure (OECD, 2015). Consequently, SOEs undertaking any economic activity should not be exempt from the application of general laws, tax codes and regulations that pertains to their market competitors. Again, OECD (2015) emphasized that SOEs economic activities should be purely on commercial grounds and not benefit from any indirect financial support that would render an advantage over private competitors in, example, preferential financing and tax arrears. In addition, in public procurement engagement of SOEs, whether bidder or procurer, the procedure should be competitive, non-discriminatory and subject to appropriate standards of transparency.

Equitable treatment of shareholders and other investors

Shareholders are owners of stocks and shares in a business, company or organization (Hornby, 2001). This *Guideline* deals with shareholders' rights being recognised by the nation and all SOEs in accordance with the *OECD Principles of Corporate Governance* (OECD, 2004).

In view of this, shareholders needing information on the performance and activities of SOEs should not be denied at all. Minority, majority and foreign shareholders should all be treated equitably and fairly, so as to attract overseas funding to the enterprise, which are always ever ready, as advised by the OECD (2015).

OECD (2015) postulated that the SOEs should also endeavour to design a good policy on dissemination, communication and consultation with all shareholders, so that shareholders would be identified and kept duly and timely informed about any important events on all shareholder meetings. In addition, when SOEs engage in co-operative projects, example, public-private partnership and joint ventures, it should be ensured that all disputes are addressed objectively and timeously.

Naughton (2006) mentioned the important position shareholders occupy within the enterprise, and therefore, accentuated that the enterprise acts like a society-of-shares, which favours the shareholder, who then becomes the central player in the enterprise. Therefore, those who are to manage the assets of the enterprise do not have the power to choose among values, as they could only manage resources of the business in the service of the values of the shareholder.

Stakeholder relations and responsible business

Stakeholder, as defined by Landau (2022), is either an individual/group/entity that has impacted by the outcome of a project or a business venture. Furthermore, Stakeholders have interest in the success of the business and can be within or outside the organization that is sponsoring the project; they can have a positive or negative influence on the project with their decisions (Landau, 2022). Stakeholders, therefore, are the owners, employees, investors, managers, board members, suppliers/vendors, consumers and buyers who contribute to making the enterprise oily enough to function as supposed to be (Landau, 2022).

The *Guideline* admonishes SOEs to remember always that they have responsibility towards stakeholders, and upon which they are to provide reports on how their relationship with stakeholders is (OECD, 2015). Furthermore, it recognises that the relationship should lead to building sustainable, profitable and financially sound SOEs. After all, stakeholders would pride themselves to belong to successful businesses, even if his/her equity within that enterprise is insignificant.

According to the OECD (2015), the stakeholder relations with the SOEs are important, as they could be critical for the fulfilment of general service obligations whenever these are in existence. So, SOEs should report on stakeholder relations with regard to labour, creditors and communities impacted by the activities of the enterprise, example, the regions, environment and the markets where the SOE may be active.

More so, OECD (2015) opined that the boards of SOEs should develop, communicate and monitor internal controls, ethics and compliance measures, example, those which contribute to preventing fraud and corruption; they should be based on the norms of the nation in conformity with international commitments. Moreover, SOEs should observe high standards of responsible business conduct and disclose the expectations established by the government and how it is implemented in the enterprise (OECD, 2015).

OECD (2015) strongly warned that SOEs should not be used as conduit for financing political activities and that they must not make any political campaign donations. It is, therefore important and advisable for the ownership entity and SOEs to recognise and have an active stakeholder policy on the long-term strategic goal and reputation of the enterprise.

It is significant that the stakeholder's rights should not be curtailed at all. All the rights of the stakeholder should be, accordingly accorded, as it is only then that the maximum support from him/her would be put in. According to OECD (2015) and OECD (2005), the under-listed are some examples of the rights of the stakeholder; SOEs should ensure that:

- i. stakeholders have access to relevant, sufficient, regularly, reliable and timely information;
- ii. stakeholders have access to legal redress when their rights are violated; and
- iii. employees should be able to freely communicate their concerns to the board (OECD, 2015).

Disclosure and transparency

This is about the transparency and disclosures that are associated with the *Guidelines*. There is the need for high standards of transparency by the SOEs in accordance with the Principles of Corporate Governance (OECD, 2004). Furthermore, it behoves on SOEs to develop, report, publish and give consistent and periodic reportage on their activities annually (OECD, 2015).

This should become a key disclosure tool for, example, the public, media and all readers, and should provide the general performance and information on the evolution of SOEs. OECD (2015) intimated that the reporting should also provide, for example:

- i. a clear statement on the enterprise objectives and fulfilment to the public;
- ii. financial and operating results, example, where relevant the costs and funding arrangements pertaining to public policy objectives;
- iii. governance, ownership and voting structure of the enterprise, example, the content of corporate governance code/policy and implementation processes, and
- iv. the remuneration of board members and key executives, and board member qualifications, selection process and diversity policies.

OECD (2015) recommended the financial statement should be subject to an independent and external audit board based on high-quality standards, and the ownership entity should develop consistent reporting on SOEs and publish annually an aggregate report on SOEs.

The responsibilities of the Boards of State-Owned Enterprises

OECD (2015) directed the board of SOE must have the authority, competencies and the wherewithal to perform the strategic guidance and monitoring of management to make sure the enterprise's aims and objectives are achieved; the board would be held accountable for any lapses that occur within the performance of the SOE. Regrettably, most of the boards in the emerging economies tend to be too large, and lack business acumen, direction, competent and independent judgement, as reported by OECD (2005).

Most often, government cronies are selected to these boards, instead of appointing competent persons. This is prevalent in emerging economies, where governments wield much power, making people fear to complain even when the boards are not performing well. There are cases too, where governments have come out to remove competent and vocal persons who complain about the ineffectiveness and machinations of governments' in running down enterprises.

A case in point is the situation where an out-spoken professor and founder, and chair of the Cardiothoracic Centre for Ghana's premiere and teaching hospital who helped setup the centre was sacked for apparently no reasons. This affected work of the hospital for some time, as both nurses and specialist doctors of the hospital laid down their tools and demanded the re-instatement of the professor before they would resume work. This strike even led to death of at least a patient brought to the centre for treatment (Daily Graphic, 2011).

Based on the example given above on the 'sacked professor', it is therefore, expedient that board members of SOEs are empowered by government to deliver improved and quality service, which is fundamental and pre-requisite for improving the quality and products from the SOEs. Board members should, therefore, be resilient and strong to enable them act in the best interest of the enterprise without unnecessary political interference.

The competency of the board members of SOEs should be assured, their independence enhanced to improve the way they function and given a clear and full responsibility to enable them work with integrity.

OECD (2015) advised the boards of SOEs should exercise their functions of setting and supervising management, based on broad and clear mandates with goals/objectives set by the government for good corporate performance. The board should be fully accountable to the owners, have the power to appoint and fire any non-performing CEOs and treat all shareholders equitably. However, board members should have equivalent legal responsibilities and be nominated based on appropriate qualifications (OECD, 2015).

Furthermore, independent board members should be free of interest or relationship with the enterprise, management, major shareholders and the ownership entity, so as not to jeopardise their exercise of objective judgement (OECD, 2015). Consequently, mechanisms should be implemented to avoid conflicts of interest to prevent board members from objectively executing their duties effectively and also limit political interference in their activities (OECD, 2015).

Moreover, OECD (2015) cautioned that mechanisms should be developed to guarantee employee representation on the board is exercised cautiously and effectively to contribute to the enhancement of the skills and expertise of the board, if mandated.

Additionally, the board should consider specialised committees, composed of qualified and independent members, to support the board in executing its functions, particularly in the areas of audit, risk management and remuneration. Again, the board under the chairman's oversight, should perform a well-structured annual evaluation to appraise their performance, efficiency and effectiveness, and develop internal audit trails monitored by reports directly to the board, audit committee or equivalent corporate organ (OECD, 2015).

Finally, SOEs boards should carry out their functions by monitoring the management and strategic guidance as set out in the objectives of the governance and the ownership entity. They should make sure they guard their roles and responsibilities from being encroached upon by either the ownership entity or management. For the good performance of the board, the chair should be separate from the CEO to enable the two (2) carry out their independent functions efficiently, effectively and expertly.

The seven (7) expanded OECD strategies explained above are to give the proper corporate governance guidelines for SOEs. It is mandatory for the SOEs to adopt and use these guidelines to enable them perform creditably, and more so relieve governments from the turmoil they normally find themselves.

WHAT SHOULD BE THE PROPER CORPORATE STRATEGIES FOR COMPANIES ALREADY IN PRIVATE HANDS?

The above seven (7) *Guidelines on Corporate Governance for SOEs* have been categorically designed by the OECD in such a way that SOEs could match the performance exhibited by their counterparts in the privatized companies. The Guidelines have therefore, been structured to cater for both the SOEs and the privatized companies in managing their enterprises successfully.

To underscore the above, two (2) examples of activities from the *Guidelines on Corporate Governance for SOEs* that direct both the SOEs and the privatized companies to work hard to

return good products and results from their enterprises have been selected/provided for illustration. These are:

- i. governments are not supposed to use SOEs to further any goals that are different from those of the private sector; and
- ii. under the disclosure and transparency strategy of the *Guidelines on Corporate Governance for SOEs*, the same high-quality accounting and auditing standards of privatised companies should be the yardstick to subject all SOEs (OECD, 2015).

This implies that the goals, aims and objectives within the *Guidelines on Corporate Governance for SOEs* should be as those for the privatised companies. After all what the OECD (2015) edition sought to achieve was to make the SOEs operative as the privatised companies so that both the government and SOEs would derive the maximum from their toils just like the privatised enterprises.

Furthermore, non-listed privatized entities are also on the radar of the OECD, as there are equally good *Guidelines* on their performance, produced by the OECD to enable them perform better in the business environment, as the competition is very keen (OECD, 2006).

The above therefore, confirms that both the SOEs and the privatized companies (both listed and non-listed) are to use the *Guidelines on Corporate Governance for SOEs* to derive the best for their enterprises. Though the privatized companies are not obliged to use the *Guidelines on Corporate Governance for SOEs* as required by the SOEs, however, they stand to benefit a lot if they adopted the guidelines to manage their companies (OECD, 2015). These are tested guidelines for the good governance and performance of organisations, globally.

CONCLUSIONS

Organizational effectiveness has always been measured by how successfully an enterprise achieves its core strategies, objectives and goals; these are about the unique capabilities, core competencies and knowledge an organization possesses to assure it achieves competitive advantage (McCann, 2004; Porter & Kramer, 2002).

However, sustained competitive advantage, which would enable the organization to be sustainable and profitable in addition to having competitive advantage, “is the result of an enduring value differential between the products/services of the firm and those of its competitors in the minds of customers” (Thompson & Strickland, 2001:500). A firm has a sustained competitive advantage when it is successfully implementing a value creating strategy not simultaneously being employed by any current/potential competitors, and when these other firms are unable to duplicate the benefits of this strategy (De Wit & Meyer, 2004; Everything Strategy, 2022).

The current technological and green environmental conditions needed for organisations to operate require fortitude, capabilities and core-competencies which were not available previously to business executives; there is therefore, a big gap which management and boards of organizations must understand and strive to always practise to meet the emerging needs (McCann, 2004; Holland, 2019; Borowiec, Harper & Garragan, 2022).

It is expected that the governance of SOEs would be critical to ensure their positive contribution to a country's overall economic efficiency and competitiveness. There is no gain saying that OECD (2015) has revealed good corporate governance of SOEs, which is an important prerequisite and sine qua non for economically effective privatisation; this will make enterprises more attractive to prospective buyers and enhance their valuation and business good-will.

The *Guidelines on Corporate Governance for SOEs* are specifically and explicitly geared to address the shortfall and issues that are specific to corporate governance of SOEs; consequently, the guidelines would take the perspective of the nation as an owner, focusing on policies that would ensure good corporate governance for both SOEs and privatized organizations.

Therefore, when SOEs of nations perform services that the citizenry attests to as useful and important for the nation, and the SOEs become competitive to generate enough revenue for government programmes, there is every cause for encouragement to continue. But prudently, for frugalities and efficiency, governments should privatize SOEs to enable them have more time and resources to tackle more pressing issues.

The *Guidelines* have been designed to favour both the SOEs and privatized companies (listed and non-listed) in such a way that the global society would benefit tremendously from the products that are churned out by these organisations. Global competition for competitive advantage by organizations is the current order in vogue, especially during this technological age of business (Thompson & Strickland, 2001; Porter & Kramer, 2002).

The OECD is doing tremendously well for championing good corporate governance for the attainment of efficient and effective running of organisations. Every encouragement should, therefore, be given to the OECD to defend the crusade on proper managing of SOEs and privatized entities to churn out products/services for the benefit of the citizenry and successful running of nations by governments.

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