

# Implications of pursuing neoliberal governing mechanisms on the governance of State-Owned Enterprises (SOEs) in a developing economy: evidence from Bangladesh.



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## Aim of the study

Aim is to understand and evaluate the nature of governance that produces and promotes social and economic sustainability of SOEs in a developing country, Bangladesh.

## Objectives

- ❖ To explore and analyse SOE governance institutions and behaviours.
- ❖ To investigate the state governance policies for SOEs vis-a-vis sectors.
- ❖ To evaluate governance bottlenecks and constraints.

## Research Questions

- ❑ How do the governance system and behaviours of SOEs in Bangladesh include stakeholders?
- ❑ How and why do public policy objectives intervene SOE governance structure and processes in Bangladesh?
- ❑ What is the nature of governance challenge or constraints in establishing good governance?

## Literature review

### Neoliberal governance model promotes

- ❖ Economic freedom of agents
- ❖ Facilitative state but protective freedom
- ❖ Business self-regulations and co-regulations, and self regulated CSR.
- ❖ Market interactions proliferate growth

This model implicates in changing nature of power, structure and the state.

What can an appropriate governance arrangement be for SOEs?

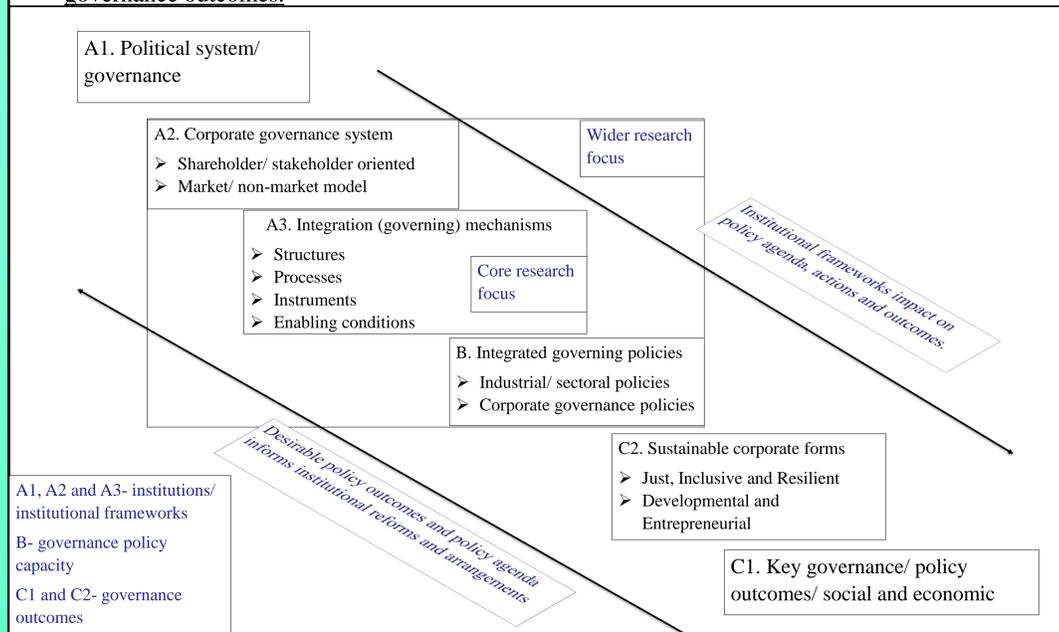
- ❖ Neoliberal state sets a particular kind of corporate governance institutional arrangements which shapes and reshapes various governance institutions' power and authority structures.
- ❖ Multiple sets of arrangement are apparently visible in various countries and systems.

### Elementary constructs to move forward

- ❖ The nature and distribution SOEs' decisions making and control authority.
- ❖ Emergence and design of SOE governance institutions under broader existing governance system in Bangladesh.
- ❖ The way and degree of alignments with the market regarding capital, product and labour structure.

To what extent, SOE governance deems to achieve sustainable outcomes in Bangladesh.

Broader SOE governance framework, outlined below, from institutional arrangements to governance outcomes.



## Theoretical framework

The state sector agencies (SOEs)

Modified by actors' political economic, psychological and sociological considerations

Enlightened state sector agencies (SOEs)

Decentred approach to study governance and neoliberalism.

- ❖ Entrepreneurial subjects.
- ❖ Enacting individual as autonomous and responsible actors.
- ❖ A consistent presumption of local reasoning, not upon historical context.
- ❖ Invisible mechanisms of control designed to shape the conduct of actors.

Entrepreneurial state-'developmental and networked'- State role in mobilising and directing resources to efficient and productive usage.

## Introduction

### State ownership in commercial activities

- 23% of Fortune global 500 companies, 23% by assets, 24% by revenues (PwC, 2015). 22% of world 100 top companies (OECD, 2016). 22% fortune 500 companies are SOEs, and 20.4% of revenues come from SOEs (EY, 2017).
- About 74% of those largest companies located in developing countries are SOEs.

### Why state ownership?

- ❖ Increase access to public services (target groups, particular goods and services, cross-subsidisation).
- ❖ Restructuring sunset industries and improve industrial labour relations.
- ❖ Economic strategies (such as innovations and industrial policies).

### State ownership in Bangladesh

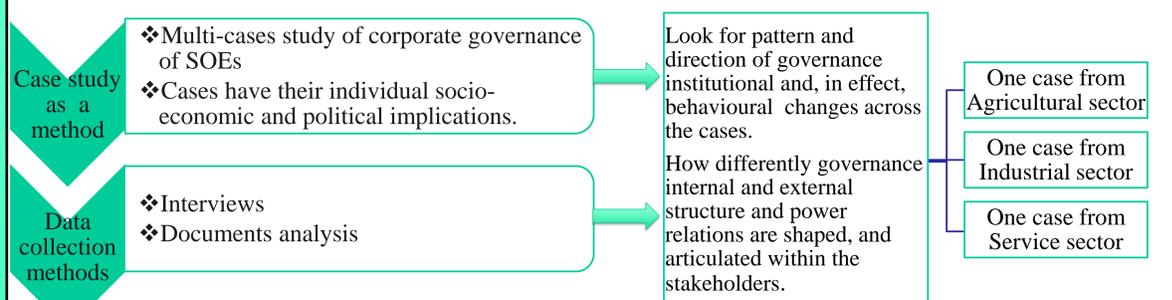
- A market based economy, number of SOEs- 51, Spread across 7 sectors.
- Covers about 14% of the economic activities.
- Generally compete with the private sector.

### What makes SOE governance study inquisitive?

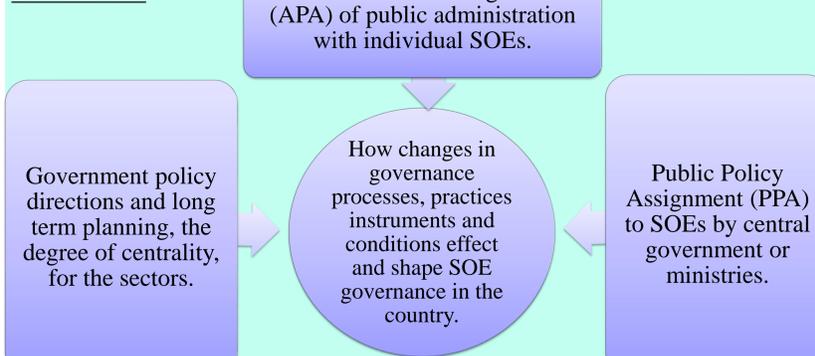
- ❖ SOEs' provision of populace needs while seeking a sustainable corporate form, especially in the liberal economic era since 1980s.
- ❖ How is the SOE governance system changed and adjusted with the country's broader corporate governance system when the purpose of their corporate operations splits.
- ❖ Accusations have often been made, in the developing countries, of political interference, slow to changes, low level of accountability and transparency which interrupt natural order of the market. While well established form of corporate governance basically in the neoliberal tradition has been accused of prioritising certain stakeholders more than other, that fuels inequality and brings disproportionate investment and development, which is paradoxical in nature.

Purpose of the study is to see how the system of SOE governance in Bangladesh is more just, inclusive and resilient while maintaining developmental and entrepreneurial ethos.

## Methods



### Documents



### Interviews

Micro-level governance involvements, activities and practices of state representatives, board members (advisory role) and executive management of SOEs.

### Data triangulations

- ❖ Triangulation among three different interviewee groups.
- ❖ Triangulation among three different policy documents and instruments.
- ❖ Triangulation among the selected cases.

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