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

Ali Azam, PhD Student, University of Greenwich
Supervisors: Dr Wim Vandekerckhove, Dr Yuliya Yurchenko

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-à-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 influence SOE governance structure and processes in Bangladesh?
➢ What is the nature of governance challenge or constraints in establishing good governance?

Introduction
State ownership in commercial activities
➢ 25% of Fortune global 500 companies, 25% by assets, 24% by revenue (PwC, 2015); 22% of world 100 top companies (OECD, 2016); 22% fortune 500 companies are SOEs, and 20.4% of revenues come from SOEs (IY, 2017).
➢ About 74% of those largest companies located in developing countries are SOEs.

Why state ownership?
➢ SOEs diversify, 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 economy.
➢ Generally compete with the private sector.

What makes SOE governance sustainability impactive?
➢ SOEs provision of public needs while seeking a sustainable corporate form, especially in the liberal economic era since 19th.
➢ How is the SOE governance system changed and adjusted with the country’s broader corporate governance system when the purpose of 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.

Literature review
Neoliberal governance model promotes
➢ Economic freedom of agents
➢ Facilitative state but protective freedom
➢ Incentives to self-regulations and co-regulations, and self-regulated CSR.
➢ Market interactions proliferate growth

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.

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

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

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

Research Methods
To what extent, SOE governance seems to achieve sustainable outcomes in Bangladesh.

References

Contact: 01766-251752 9579645118 01661-390553

Theoretical framework
The state sector agencies (SOEs)

Decentralised approach to study governance
➢ Entrepreneurial state.
➢ Political economy, psychological and sociological considerations.

Enlightened state sector agencies (SOEs)

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

Methods
Case study method
Multi-cases study of corporate governance of SOEs
Cases have their individual socio-economic and political implications.

Documents
Annual Performance Agreements (APA) of public administration with individual SOEs

Public Policy Assignment (PPA) to SOEs by central government or ministries.

Governance policy directions and long term planning, the degree of centralisation, for the sectors.

How changes in governance processes, instruments and conditions affect and shape SOE governance in the country.

Public Policy Assignment (PPA) to SOEs by central government or ministries.

Case study method
Interviews
Data triangulation
➢ Look for pattern and direction of governance institutional and, in effect, behavioural changes across the cases.
➢ How differently governance external and internal structure and power relations are shaped, and articulated within the stakeholders.

One case from Agricultural sector
One case from Industrial sector
One case from Service sector

One case from Agricultural sector

One case from Industrial sector

One case from Service sector

One case from Industrial sector

One case from Service sector