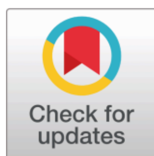

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Insights on Corporate Governance Practices of State-Owned Enterprises (SOEs)

Adeyemi Adebayo* and Barry Ackers

AFFILIATION:
College of Accounting Sciences, University of South Africa, South Africa

***CORRESPONDENCE:**
adebaao@unisa.ac.za

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Abstract:
Research aims: This paper undertakes a cross-country comparative analysis of corporate governance of state-owned enterprises (SOEs) in Singapore and South Africa, two countries using two different models for organising SOEs, with specific reference to agreement with the World Bank's themes on Framework for Good Corporate Governance Practices for SOEs. The aim of this paper is to identify similarities and differences in practice and to document how the states have fared using different models.
Design/Methodology/Approach: The paper deploys a pragmatic mixed methods approach explored in two empirical phases, the first phase conducted between the second quarter of 2017 and the third quarter of 2019, with the second phase conducted between the third and fourth quarters of 2019, to understand the practices utilised by South African and Singaporean SOEs. The data emerging from these two phases, were compared to the Framework for Good Corporate Governance Practices for SOEs issued by the World Bank.
Research findings: Findings suggest although South African SOEs have good corporate governance practices in place, however, compared with South African SOEs, Singaporean SOEs are better organised and governed.
Theoretical contribution/Originality: This paper contributes to the scholarly discourse on SOEs by expanding the discourse on public sector entrepreneurship and opening up new debates and research areas on corporate governance of SOEs, an important component of public sector entrepreneurship.
Keywords: Board Remuneration; Corporate Governance; Organising Models; Ownership Models; Singapore; South Africa; State-Owned Enterprises; World Bank Framework for Good Corporate Governance for SOEs

Introduction

"State-Owned Enterprises (SOEs) have become important instruments of social and economic policy in industrialised mixed economies and in developing countries. The use of SOEs as instruments of public policy and the resulting clashes between these enterprises and private firms on the one hand and government and other controllers on the other, are causing concern. Public committees in different countries as well as international organisations have been searching for positive theory for guidance in handling the multitude of problems related to these enterprises" (Aharoni, 1981).

This paper explores and compares the corporate governance practices of SOEs in Singapore and South Africa – two countries with distinct models for organising SOEs – with particular reference to the World Bank's (2014) Framework for Good Corporate Governance Practices for SOEs. The World Bank's (2014) Framework for Good Corporate Governance Practices for SOEs (hereafter the World Bank's Framework) is one of the two globally recognised frameworks for influencing good corporate governance practices in SOEs; with the other The OECD Guidelines for Corporate Governance in SOEs. There is noticeable overlap in the themes in both frameworks such that the discussion of one, as in this study, covers the other. Considering that SOEs in most quarters of the world are usually faced with numerous corporate governance problems (Okhmatovskiy et al., 2021; Bird, 2020; Grossi et al., 2015) undermining their abilities to deliver mandates and usually requiring state bail outs, the World Bank developed its Framework as a way of assisting SOEs improve their corporate governance and limit their depletion of national resources, which has been a trend in many quarters of the world. This Framework contains good corporate governance practices for SOEs. It is believed that adherence to these practices enables SOEs to be more likely to fulfil their mandates. This paper aims to identify differences and similarities in practice and understand how these states have fared using different corporate governance models.

Theoretical sampling (Adebayo & Ackers, 2021) was employed in selecting Singapore and South Africa based on rival arguments on structuring SOEs. The first argues that separating commercial from social objectives eliminates the organising of SOEs under state ministries (see Keynes (1926, pp. 41–45) for this argument) and results in SOEs better achieving their mandates. Singapore is a top sample utilising this model. An opposing argument is that SOEs operate better when they are overseen by state ministries, resulting in ensuring competition for curtailing the atrocities of private ownership (see Marx 1887 (1967) for this argument); South Africa is a top country where this model is deployed. Thus, although Singapore and South Africa are both at different stages of economic development, Singapore and South Africa are developing countries (UN, 2021). Other Countries deploying the holding company model type identified by the OECD (2005) such as Austria, Czech Republic, Hungary, Italy, and Slovakia; that might have been explored instead of Singapore are classified as developed countries by the UN's (2021) classification under World Economic Situation and Prospects, 2021. Comparing SOEs organised in these manner with the best practices stipulated by the World Bank (2014) has implications for theory and practice, particularly developing countries that should leverage their SOEs to achieve their broader socioeconomic objectives.

The seminal quote by Aharoni (1981) confirms that SOEs are important socioeconomic instruments, able to assist states in delivery of their socioeconomic mandates. However, in order to achieve these socioeconomic objectives, without burdening the taxpayer with additional costs, it is imperative that SOEs are correctly structured, organised, governed and consistently apply sound corporate governance practices (McDonald, 2020; Parker, 2020). The relatively important role of SOEs is evidenced by the observation that the majority of public sector employees are employed in SOEs, and not in the central administration (Bernier, Florio & Bance, 2020; Rentsch & Finger, 2015). Moreover, SOEs usually tend to operate in important strategic state sectors (Clo, 2020; Stan et al., 2014).

The evolution and contribution of SOEs is highlighted by their expanding size, as well as their changes that have influenced and reorganised their features and roles in terms of governance rules, regulatory frameworks, business re-engineering, accountability and transparency standards (Florio et al., 2018).

Despite their potential important contribution, SOEs are frequently plagued by serious problems involving corporate governance. The agency problem impacting corporate governance practices in private-sector enterprises (PSEs), are also prevalent in SOEs. However, the scope of corporate governance problems in SOEs appears to more extensive than in PSEs, cutting across more areas (Papenfuß, 2020; Allini et al., 2016), with SOE agency issues usually being more problematic than in PSEs (Amoako & Goh, 2015; Grossi et al., 2015;). Thus, Aharoni's (1981) observation that public sector role-players in different countries including international organisations, have been exploring possible positive theory to guide their mitigating of multiple issues facing these enterprises, still equally applies today after several years, indicating that the problems associated with these SOEs were never really resolved.

Even before the recent COVID-19 pandemic which has decimated most economies and severely impacted the provision of publicly provided goods and services, SOEs in several countries often required state bail outs due to their inefficiency and ineffectiveness. Ironically, despite this inefficiency and ineffectiveness, the number of SOEs across the world continues to increase, due to their perceived socioeconomic importance (Grossi et al., 2015). Since most SOEs usually operate in strategic sectors important to their owning states (Clo, 2020; Stan et al., 2014), results in shareholding states readily bailing out distressed SOEs. In addition to employing the majority of the public sector workforce (Rentsch & Finger, 2015), in terms of value, SOEs are directly involved in up to three-quarters of the public-linked investments, with debt ratio often higher compared to the core public sector administration (Bernier et al., 2020; Del Bo et al., 2017; Grossi et al., 2015). Additionally, SOEs in many states also utilise major national resources, with the possibility of either depleting or increasing these resources. Therefore, the effectiveness and efficiency of SOEs greatly influence the socioeconomic competitiveness and performance of shareholding states (Kloviene & Gimzauskiene, 2016; Grossi et al., 2015). Thus, government, observers as well as society cannot afford to neglect these state enterprises given their documented importance.

Notwithstanding the existence of frameworks (OECD, 2014; 2005; World Bank, 2014) on good corporate governance practices to assist SOEs improve their corporate governance practices, these governance frameworks are largely disregarded by SOEs in many countries. Comparing corporate governance practices of five South African SOEs to the Guidelines on Corporate Governance in SOEs by the Organisation for Economic Cooperation and Development (OECD) (OECD, 2015), Thomas (2012) found that SOE corporate governance is not as detailed as required by the OECD Guidelines. Although SOEs were expected to comply with the OECD Guidelines, since Aharoni (1981) had earlier highlighted the issue of corporate governance in SOEs, this observation was not surprising. Similarly, van Thiel, van Genugten and Voorn (2020) and Daiser et al. (2017)

warned that SOE corporate governance indirectly poses a major challenge for owning states.

This paper contributes to the scholarly discourse on SOEs in the following four ways. The first, examines structural SOE corporate governance in terms of SOE ownership and organising models. The second, documents similarities and differences in the approaches adopted by the two countries to govern their SOEs, to learn from their experiences by identifying practices to improve SOE performance. The third, compares the extent to which the corporate governance practices of Singaporean and South African SOEs are aligned with the good corporate governance practice's themes contained in the World Bank's Framework, which is arguably the best, and one of the two primary frameworks available to assess SOE corporate governance practices. The fourth, expands the discourse on public sector entrepreneurship, by opening up new debates and research areas on SOE corporate governance.

Literature Review

Corporate Governance in SOEs

Following Bernier's (2014) observation that public entrepreneurship is an important but under-researched area in the public arena, it is imperative to explore public entrepreneurship viz-a-viz SOEs, the main component of public entrepreneurship. In this context, Klein et al. (2010) note that public entrepreneurship is manifest in a variety of activities, such as changing the institutional environment or rules of the game, establishing new public organisations, creating and managing new public resources, and exploiting spill-overs by private role-players for providing wider public services and goods. Accordingly, for the purposes of this study, public entrepreneurship refers to the innovative management of existing, publicly owned resources to achieve established ends (Klein et al., 2010). In this context, this paper explores the innovative management of SOEs in Singapore and South Africa. The discussion below indicates that corporate governance is critical in public entrepreneurship.

As previously indicated, the agency problem impacting PSEs corporate governance practices, also arises in SOEs, but the scope of SOEs corporate governance issues tends to be larger and cuts across more areas (Papenfuß, 2020; Allini et al., 2016;), with agency issues in SOEs usually being more problematic (van Thiel et al., 2020; Amoako & Goh, 2015; Grossi et al., 2015). Not only is the specification of contract in SOEs usually blurry (Putniņš, 2015), meaning it is often more problematic to differentiate between owners and managers and to document their respective roles (van Thiel et al., 2020; Aharoni, 1981), specifying the costs associated with the public service obligations (PSOs) of SOEs is also more difficult. Incentives in SOEs are more problematic, since bureaucrats and not private sector role-players often manage SOEs (Fan et al., 2013). Moreover, there is often the lack of zeal to ensure socioeconomic efficiency. SOE managers seldom lookout for cost efficient opportunities, especially when it means they will have to invest more time and management effort in terms of the requirement of special skills from them. Furthermore,

public sector role-players are often conflicted by having to prioritise several deliverables to which they share limited time (Subramanian, 2015; Aharoni, 1981), as well as it often being impossible to clearly articulate the desired end goal due to frequently conflicting socioeconomic objectives. This agency problem is also exacerbated by free rider and soft budget constraints (SBC) problems in SOEs. The free rider problem entails lax behaviour by SOE managers caused by inadequate monitoring mechanisms exacerbated by two other corporate governance issues impacting SOEs, i.e. political interference and corruption; while SBC involves lax behaviour by SOEs management executives, seeing that owning states perceive SOEs as too big to fail (Chang, 2007). The components of agency problems in SOEs are discussed below.

Agency Problems in SOEs

Specifying social costs

The first problem is specifying the costs of PSOs of SOEs. It is usually difficult to specify the PSOs costs of SOEs. Specifying the cost of SOEs PSOs for the purposes of compensating SOEs for undertaking PSOs is an uphill task. Aharoni (1981) notes that separating social and commercial objectives poses difficulties as it is usually difficult to establish PSOs. Recently, McDonald (2020) and Plūmiņš and Ščeulovs (2016) have agreed that when SOEs pursue non-commercial objectives, there is the likelihood of reduced good corporate governance practices as well as reduced efficiency and effectiveness. Compared to the reality in contemporary times, separating social and commercial objectives may likely result in reduced corporate governance challenges. As a way of covering up mismanagement, SOEs often hide behind PSOs (Amoako & Goh, 2015). Thus, in some states, SOEs are exempted from PSOs. For example, in New Zealand, even though the State-Owned Enterprises Act 1986 mandates that SOEs are to engage in PSOs, and that the Treasury is to compensate SOEs for any possible loss incurred for engaging in PSOs, this provision is generally not in use as a result of SOEs focusing on commercial operations (Laking, 2012).

The owner- manager problem

A key challenge facing SOEs is the owner-manager problem. SOEs rightful owners, citizens do not manage SOEs. This indicates that as obtainable in PSEs, executives will not act like an owner-manager will act. Meaning the distinction between manager and agent in terms of ownership and management relationship in SOEs is blurry. Although citizens are supposed to be the recognised owners, states are the documented owners, since only a fraction of citizens are represented in managing SOEs. Hence, the agency relationship in SOEs is always complicated resulting in the difficulty of establishing monitoring mechanisms. The complication in the agency relationship results in non-existent or weak monitoring resulting from the close link between documented owners in the form of politicians and managers (bureaucrats and/or civil servants) (van Thiel et al., 2020; Li et al., 2012). Hence, since most of the SOEs all over the world, are often faced with numerous challenges, it is often impossible to establish failures that may be attributed to managerial problems of SOEs (O'Toole et al., 2016).

The free-rider problem

Monitoring of SOEs is seldom difficult for reasons that several parties may claim ownership of SOEs (Peng et al., 2016; Kankaanpää et al., 2014). The main challenge is that even though several parties may claim ownership, they are not necessarily active in formulating and implementing monitoring mechanisms as a result of the costs involved, shouldered by the party responsible for formulating and implementing monitoring mechanisms, while the ensuing benefits will be enjoyed by all the parties that could claim ownership (Velotti et al., 2012). Although citizens, recognised as one of the parties that could claim ownership – may be willing to mount monitoring mechanism, they usually do not have the exposure and means to do so. Collectively, citizens are not part of the SOEs and the government, with only a small fraction represented. Thus, it is usually not feasible for citizens to come together to implement this monitoring mechanism. Hence, there is no readily available information for monitoring SOEs. Where available, the associated costs of obtaining such information is normally high as there is usually a great deal of uncertainty (Kankaanpää et al., 2014), coupled with public sector role-players being torn between the various deliverables to which they share their time (Subramanian, 2015; Aharoni, 1981).

Soft budget constraints

Commentators have submitted that SBCs result in anti-competitive behaviour by SOEs (Grosman et al., 2016; Gumede, 2016). The term SBC was coined by Hungarian economist, Janos Kornai (Kornai, 1998; Kornai et al., 2003), to denote the characteristics of the then socialist enterprises under central planning. However, recently, the term has been explored in explaining lax management of SOEs in capitalist economies, sustained by political SBCs (Chang, 2007). SOEs are very important to states, especially in states where they are deployed to provide public services and goods and/or where they are in strategic state sectors (Clo, 2020; Stan et al., 2014). The implication of this is that shareholding states are more than prepared to bail out ailing SOEs. That shareholding states are always willing to bail out ailing SOEs means that there is less focus on deploying resources efficiently (O'Toole et al., 2016). Resulting in little or no focus on maximising socioeconomic performance and surplus (Stan et al., 2014). Thereby reducing the pressure by executives to deliver viable investments (Guo & Clougherty, 2015), since SOEs are already perceived to be too big and too important to fail (Pargendler et al., 2013).

Mitigating corporate governance issues of SOEs

Commentators (Vergotine & Thomas, 2016; Maloa & Bussin, 2016; World Bank, 2014) have noted that certain practices contribute positively to mitigating issues related to corporate governance in SOEs. Among which are auditing, risk management and incentives. The idea in this study is that ownership, organising and governance models to a great extent assist in mitigating corporate governance related issues in SOEs. Even though it is recognised that incentives, auditing and risk management appear to be effective mechanisms in limiting issues of corporate governance in SOEs, they do not deliver a comprehensive solution for reasons that they focus excessively on internal

organisational issues. Thus, a more holistic approach covering organisational, internal and external issues is needed for mitigating issues of corporate governance in SOEs. This holistic approach should encompass a combination of elements that include organising, ownership, internal and external legal and regulatory frameworks as well as governance models. The World Bank's Framework provides best practices guidelines along these lines. Structural ownership and organising models for SOEs

Confirming the multidimensional nature of corporate governance, the Singapore Code of Corporate Governance provides a key definition of corporate governance, as having the appropriate people, processes and structures in place to direct and manage the business and affairs of the organisation, enhancing long-term value creation, cognisant of the interests of other stakeholders (Monetary Authority of Singapore, 2018). This definition highlights the importance of structure as an important component of the corporate governance process. It should be noted that structure has both internal and external components. Whereas people and processes are primarily internal elements, organising and ownership models appear to be the two most important external structural corporate governance aspects in SOEs.

The two primary models of SOE ownership are wholly- and partly-owned enterprises. The OECD (2015) and Balbuena (2014) note three different models for organising SOEs: centralised, decentralised or sector ministry and dual ministry models. These organising models are typically associated with wholly-owned SOEs. Although the wholly-owned model usually comprises centralised, dual or decentralised organising models, singularly or in combination; with the partly-owned ownership model tending towards a holding company, as reflected in the continuum illustrating the relationship between the organising and ownership models depicted in Figure 1, the partly-owned model cannot be categorically classified as a holding company model.

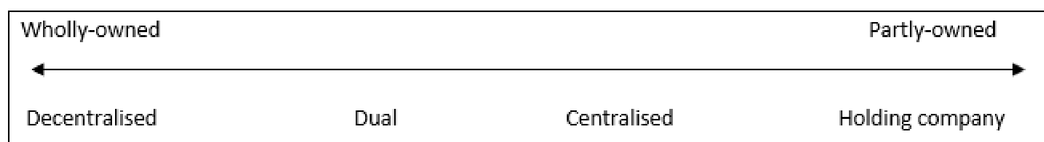

Figure 1 Continuum of SOE ownership and organising models
(Adapted from OECD, 2015 & Balbuena, 2014).

Decentralised organising model

The traditional model for organising SOEs is the decentralised model. In this model, responsibility for managing and monitoring SOEs resides with the relevant sector ministry, which is normally a single line ministry. Although several states commonly used this model before the 1970s reforms (OECD, 2005), and most states subsequently adopting other models, others including Czech Republic, Germany, South Africa, and developing states in particular, still tend to utilise this model.

Dual organising model

In the dual organizing model, the line (as is the case with the decentralised organising model) ministry partners with a special ministry/department in overseeing SOEs. This model emerged as a widespread practice about two decades ago (Balbuena, 2014). The broad acceptance of this model is attributed to the owning states believing that accountability, monitoring and control over a SOE will improve when two ministries, and not only one, are shareholders in a SOE. In this model, widely used in many developed countries such as Italy, New Zealand and Switzerland (OECD, 2005), the Ministry/Department of Finance/National Treasury, is normally the principal (special) ministry, with the line ministry typically being the primary ministry. Hence, the line ministry becomes accountable to the principal ministry.

Centralised organising model

SOEs are overseen by a central ministry in the centralised model. This central ministry is not usually the line or specialised ministry, but a ministry especially established with the express purpose of overseeing SOEs. In most cases, this specially created ministry, is usually overseen by another ministry, commonly the National Treasury or the Ministry/Department of Finance. Thus, differentiating between the decentralised, centralised and dual models. While the centralised model was seldom used prior to the 2000s, it has since emerged as the most common model deployed for organising SOEs in contemporary times, especially by Western countries. The OECD (2005) confirms that this centralised model is increasingly being deployed, particularly by the Nordic and Asian countries (Clarke, 2015), as well as a number of the OECD states (OECD, 2005).

Holding company organising model

Although Chen (2016) argues that the holding company model seems to be a centralised model, this holding company model (as we will observe in the discussion of findings below) appears not to fit into any of the OECD's (2005) three primary models of organising SOEs discussed above.

Research Method

This cross-country comparative study used a pragmatic mixed methods approach conducted in two distinct phases to establish similarities and differences in corporate governance practices, as well as the extent of conformance with the World Bank's Framework. The first empirical phase comprising content analysis, analysed the annual reports of the SOEs, corporate governance documents, the internal and external legal and regulatory frameworks of the SOEs considered, corporate governance codes, the corporate websites, practice guides, board charters, as well as corporate legislation and relevant governance frameworks and reports in South Africa and Singapore, for necessary information. Annual reviews, journal articles, company publications, and web pages were also scrutinised for pertinent information. In the second phase, semi-structured

interviews were conducted with purposively selected senior officials at SOES, corporate governance experts, as well as with directors responsible for providing oversight for these SOEs.

The World Bank's Framework was used to compare the respective corporate governance characteristics of South African and Singaporean SOEs. The Framework identifies good corporate governance practices for SOEs including ownership and organising models, legal and regulatory issues, financial and fiscal discipline, methods of monitoring performance and accountability, transparency and disclosure, boards of directors, as well as special issues in mixed ownership and implementing reforms. The resulting empirical data were analysed and discussed within the context of six relevant components of the World Bank's Framework.

The units of analysis in the study population included all SOEs and similar enterprises – sovereign wealth funds (SWFs) and state invested enterprises (SIEs). SWFs are enterprises that invest any form of reserves on behalf of governments, while SIEs are corporatised enterprises in which the state exercises control by means of minority stakes or pyramidal organisational structures. A total of 15 purposively selected SOE experts across all purposively selected SOEs (managers, oversight directors, specialists and corporate governance experts) in both countries, were interviewed in the second phase to obtain deeper insights into the observations arising from the first phase, content analysis. In all, nine experts were interviewed in South Africa and six in Singapore. The interviews covered fourteen SOEs in both Singapore and South Africa and a University in Singapore where two corporate governance experts were interviewed. To preserve confidentiality, the names and organisations represented by interview participants are withheld, with the identities of participants being anonymised. Although provision was made to interview more participants, no new information was obtained (data saturation) after interviewing the 15th participant. Ashe (2012) importantly notes that two to ten participants are usually sufficient for a researcher to reach a saturation point. The interviews were used narratively (Williams, 2011) in a constructive manner (Bujold, 2004) for confirming, where appropriate, or refuting observations from the first phase (Dai et al., 2016).

Result and Discussion

Structural Ownership and Organising Models of South African and Singaporean SOEs

For reasons that there is usually lack of accountability and focus on core ownership function in the decentralised and dual models, countries are increasingly adopting a more centralised approach by creating advisory bodies and ownership entities. This advisory model entails establishing advisory or coordinating bodies such as enterprise specific departments to assist in promoting good governance practices in individual enterprise by professionalising the state's ownership role thereby bringing stability to SOEs as a whole (World Bank, 2014). Also, in terms of ownership, considering the inherent limitations in the advisory bodies model, more recently, countries are moving to more centralised approaches in which SOEs ownership authority is concentrated in a single specialised

entity (World Bank, 2014). In this kind of ownership model, the specialised entity is the shareholder representative charged with oversight responsibility for SOEs, this is the holding company model. The specialised entity represents the state and is also charged with exercising all ownership functions.

Ownership models

Although both Singapore and South Africa have wholly- and partly-owned SOEs, from an organising perspective, they use different models to structure their SOEs. Figure 2, depicts the relationships between the organising and ownership models of SOEs in the two countries.

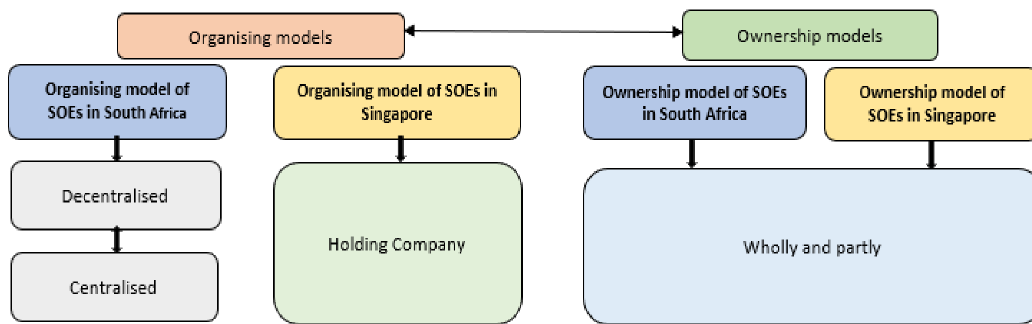

Figure 2 Ownership and organising models of South African and Singaporean SOEs

Organising Models

SOEs in South Africa are organised using two of the three primary models identified by the OECD (2015), being either decentralised or centralised, whereas Singaporean SOEs are organised under the holding company model (Table 1). In addition to some South African SOEs being overseen in a decentralised model by the National Treasury (Ministry of Finance), or by various national departments, the Department of Public Enterprises (DPE) was especially established under a centralised model to provide oversight over seven of the major South African SOEs. The SOEs controlled by the DPE as of February 2022 are Alexkor, DENEL, South African Forestry Company Limited (SAFCOL), ESKOM, Transnet, South African Airways (SAA), and the South African Express (SAE).

When compared to the models of organising SOEs in several countries, the Singaporean model is relatively unique, not clearly falling into any of the three primary organising models described in the literature, i.e. centralised, decentralised or dual models. Despite Chen (2016) positioning it as a centralised model, Singaporean SOEs cannot be classified as being controlled under a centralised model, since all SOEs in a centralised model are usually overseen by a state department/ministry (Balbuena, 2014). However, Temasek, the Singaporean holding company, was specifically established in 1974 as an investment holding company, overseen by the Ministry of Finance (Chen, 2016; Lei et al., 2015). All the SOEs are in turn owned by Temasek. Aside from the SOEs it owns, Temasek also invests in SIEs. Thus, Temasek is more appropriately situated under the OECD's (2005)

"other specific structures – Holding Companies" category, and not under the centralised model category.

Table 1 Structural organising and ownership models of South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
Creating advisory bodies	Advisory body in South Africa (Department of Public Enterprises)	
Creating ownership entities	Other SOEs under the decentralised model	Ownership entity in Singapore (Temasek)

Legal and Regulatory Frameworks Applicable to South African and Singaporean SOEs

Considering that shortcomings arise where SOEs operate in line with private company law, especially where there is no proper framework governing states' role as owners and their relationships with SOEs, the World Bank (2014) contends that SOEs should have their own specific law. In addition to this, SOEs should be corporatised in order to make them operate better. Corporatisation entails reorganising SOEs in line with legal entity in which corporate structures is similar to PSEs, including the establishment of executive management, a board of directors, as well as shareholders (World Bank, 2014). The main objective of this corporatisation is to allow states to run SOEs efficiently on a more commercial basis, while retaining ownership. Further, SOEs should be subjected to equal application of broader laws and regulations necessary in creating a level playing ground and achieving competitive neutrality between SOEs and PSEs such that ownership does not limit one while promoting the other. Furthermore, SOEs should be increasingly subjected to capital market discipline in terms of listing shares of corporatised SOEs on the stock exchanges in order to ensure SOEs are subjected to more stringent corporate governance requirements obtainable under securities laws. Securities laws normally contain stringent requirements for independent directors on the board, fairly treating minority shareholders, and ensuring comprehensive and timely financial and nonfinancial reporting (World Bank, 2014). When SOEs are listed, they are subjected to capital market scrutiny, through exposure to oversight of expert analysts, financial media and rating agencies (World Bank, 2014).

The analysis of archival documents indicated that in addition to the South African Companies Act which contains specific provisions for SOEs (South African Government, 2008), individual South African SOEs are regulated by their own enabling Acts (legislation). The Companies Act stipulates that its provisions, which apply to publicly listed companies, apply equally to SOEs. Other relevant South African regulations, legislation and frameworks include the Public Finance Management Act 1999 (PFMA), Treasury Regulations, Public Audit Act, Protocol on Corporate Governance in the Public Sector, as well as the King III and King IV Reports on Corporate Governance, which contain The Code of Corporate Practices and Conduct that inter alia applies to SOEs and agencies subject to the PFMA. Even though S1 of the PFMA does not require SOEs to have PSOs, the DPE indicates that the goal of the enterprises under its oversight are to unlock growth, create jobs, drive industrialisation, and develop skills, in order to contribute to wider social

objectives. Similarly, Gumede (2016) and Bhorat et al. (2015) note that the objective of the ANC's[1] proposed nationalisation of SOEs in 1994, which was gradually implemented in the early 2000s, after the realisation that privatisation was not the panacea to address the inequity of South Africa's apartheid legacy; was to leverage SOEs in pursuing growth and development as well as creating employment and for redistribution objectives.

The Singaporean companies Act incorporates Singaporean SOEs (Singapore Statutes Online, 2006). The prescripts of the Singapore Companies Act regulating private entities, accordingly apply to Temasek as well as the SOEs under Temasek. Nevertheless, that Temasek is a private company owned by the state, exempts it from certain provisions of Singaporean company law applicable to private companies. These exemptions include a requirement for Temasek to only submit audited financial statements to the Minister of Finance, and not to Singapore's company registry (Chen, 2016). As a result, parties outside the company are prevented from accessing privileged information relating to Temasek's financial statements, apart from that revealed in the Temasek Annual Review, which it started publishing in 2004. Hence, only information disclosed in the Temasek Annual Review are publicly available. Further, the Prime Minister and any other Ministers do not have the constitutional authority to interfere in the management affairs of Temasek or the SOEs under Temasek. Hence, the state does not participate in the daily running of Temasek or its SOEs, relating to management, regulation and investment. Similarly, in another deviation from the legislative prescripts, Temasek designs its voting structure, is able to pass resolutions through written means, and is not compelled to hold an annual general meeting. Although the Singaporean Prime Minister is constitutionally entitled to Temasek's information, for the Prime Minister to use this power, the entire state cabinet will have to approve (Chen, 2016). However, The Prime Minister must ratify the appointment and removal of Temasek's directors. While this provision applies to Temasek, it is not directly applicable to the SOEs under Temasek. The Singaporean Practice Guidance or the Code of Corporate Governance for listed companies is another relevant governance framework (Monetary Authority of Singapore, 2018).

While the content analysis observations suggest that the legal and regulatory frameworks applicable to South African and Singaporean SOEs both appear adequate, Singapore's SOEs appear less transparent and accountable than South African SOEs, primarily due to Temasek's exemptions from corporate governance best practice (Table 2). Moreover, the codes of corporate governance for guiding SOEs in both countries appear to be suitable. However, since publicly listing SOEs represents one of the strongest SOE regulatory practices (World Bank, 2014), it may be argued that Singaporean SOEs are better regulated as they are publicly listed on stock exchanges and are thus subjected to better capital market discipline, despite the annual reports or financial statements of some of the SOEs not always being publicly available.

[1] African National Congress (ANC) – the ruling party in South Africa since the first democratic elections in 1994.tab

Table 2 Legal and regulatory frameworks applicable to South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
SOEs should have specific laws	SOEs do not have specific laws	SOEs do not have specific laws
SOEs should be corporatised	SOEs are not corporatised	SOEs are corporatised
SOEs should be subjected to equal application of laws and regulations	SOEs are subjected to equal application of laws and regulations	SOEs are subjected to equal application of laws and regulations

Monitoring Performance and Accountability of South African and Singaporean SOEs

Effective performance monitoring is an important function of the owning state. The World Bank (2014) submits that there is the need for the owning states to firstly build baseline information on the portfolio of its SOEs and remove impediments to financial reporting by companies in the portfolio, before creating performance-monitoring system. This usually involves generating a list of the companies in the portfolio as well as coding the companies based on their legal, regulatory and operational status. Further, there is a need for setting SOE mandates, objectives and strategies, which constitutes steps in preparing performance agreements. Further is that outlining the individual mandate of each SOEs is key for defining accountability and also for determining the scope of PSOs, and for forming a basis for more specific targets for the company's operations (World Bank, 2014). Also, there is the need to structure performance agreements once the mandate is set. Performance agreements are used for communicating the government's expectations for SOE performance to each SOE and to the public.

The empirical content analysis revealed that in addition to setting South African SOEs mandates, schedule 2 SOEs and schedule 3 business enterprises are also required by the PFMA to prepare and submit annual budgets, annual reports as well as financial statements. In addition, schedule 3 SOEs are to submit an annual project plan (APP), and schedule 2 SOEs must prepare a statement of corporate plan (SoCP). The SoCP should cover the SOEs affairs and that of their subsidiaries for the forthcoming three financial years. This SoCP thus incorporates expected revenue, expenditure and activity plans for the forthcoming three years. Also, the shareholding state communicates with the advisory body in South Africa, DPE, via the statement of strategic intent (SoSI). SOEs use the SoSI to express their policy objectives to the DPE. The SOE boards are responsible for ensuring alignment between the SoCP and the SoSI. These are incorporated into a shareholder compact. The shareholder compact represents a performance agreement between SOEs and the shareholding and it is one of the accountability documents deployed by the shareholding ministry and the owning state to track SOE performance. As noted in the first empirical phase – content analysis phase and in literature, SOEs use several accountability documents overlapping in their use and in their description. Interview participant F (a director of oversight for SOEs) explained:

> "Schedule 3 SOEs prepare an APP, which is linked to their strategic plan, a five-year document that sets out their planned activity for the next five years. The APP is a one-year plan from the five-year strategic plan detailing how projects and targets are to be

implemented and achieved. The annual report then links all the quarterly reports, the strategic plan and APP together. While the PFMA requires the schedule 3 entities to prepare a SoSI and have APP, the revenue generating SOEs (schedule 2) enterprises have the SoCP."

While the SoSI and SoCP serve the same purpose, basically, the SoCP is like merging the strategic intent and the APP and the strategic plan into one. By comparison, schedule 2 SOEs also prepare a strategic plan. This strategic plan is a three-year document refined each year with forward looking information into the three years. Thus, SoSI and APP apply to schedule 3 SOEs whereas SoSI and SoCP apply to schedule 2 SOEs.

Differentiating between their respective roles, participant G commented: "the shareholder compact is a written contract agreement between the minister and the chairperson of the board – the minister on behalf of the government and the chairperson of the board on behalf of the enterprise". This agreement details matters that the board and the SOE are to achieve as well as those responsible for achieving the detailed goals. The agreement also documents the rights and responsibilities of the shareholding minister and the director general[2] . Where necessary, in addition to those outlined in the legislation, the minister often require SOEs to adhere to further accountability documents for the SOEs to comply with.

As against what is obtainable in South Africa, Temasek in Singapore primarily monitors its portfolio of SOEs by setting clearly defined mandates for each SOE and by carefully constituting adequate functional boards for its SOEs. The carefully constituted strong boards report directly to Temasek and not to the state. The observation that South Africa does not clearly distinguish between PFMA schedule 2 and schedule 3 entities, results in mandates and objectives that are unclear, except when provided for in the SOEs individual establishing legislation. This ambiguity has significant implications on the strategies used to fulfil mandates. Notwithstanding, with reference to the World Bank's Framework, findings under this theme suggest that the accountability and monitoring mechanisms for SOEs in South Africa are more robust than in Singapore (Table 3).

Table 3 Monitoring performance and accountability of South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
Building baseline information	SOEs have baseline information	SOEs have baseline information
Setting mandates, strategies and objectives	Owner sets mandates, strategies and objectives	Owner sets mandates, strategies and objectives
Structuring performance agreements	SOEs have structured performance agreements	SOEs do not have structured performance agreements

[2] Whereas the minister is the elected official appointed by government as the executive authority, the director general is the executive head of the ministry.

Financial and Fiscal Discipline of South African and Singaporean SOEs

The World Bank (2014) submits that owning states need to identify and separate out PSOs. SOEs in many countries were created as commercial entities. These SOEs are thus made to perform noncommercial PSOs. PSOs are also known as quasi-fiscal activities, public service agreements (PSAs), or community service obligations (World Bank, 2014). Governments tend to use SOEs to pursue public policy rather than through regular budget channels. The World Bank (2014) submits that PSOs include providing services to underserved communities or offering services at a price below cost. Thus, the profits of SOEs involved in PSOs are usually well below profits from operating at full capacity. If PSOs are separated, identified and the relative costs are established, PSOs should be financed directly from the Budget in order to document the size and amount of the government transfer. Thus, it is possible for states to purchase PSOs from SOEs under arm's-length commercial contracts and inform PSEs suppliers the price with which they may compete to provide such services (World Bank, 2014). This will enable SOEs to be subjected to market practices and discipline in terms of obtaining funds from market operations. Thus, reducing the access of SOEs to direct and indirect public funding, allows owning states to facilitate the commercial orientation of SOEs, enabling them to be fiscally and financially responsible for their operations.

Table 4 Financial and fiscal discipline of South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
Identify and separate public service obligations	PSOs are not identified and separated	Do not usually have PSOs
Finance PSOs directly from the budget	PSOs are not financed directly from the budgets	PSOs are financed directly from the budgets
Obtain funds from market operations	SOEs obtain part of their funding from market operations	SOEs obtain funding from market operations and loans from Temasek and banks

The content analysis revealed that Singaporean SOEs appear more fiscally and financially disciplined compared with South African SOEs (Table 4). Although both South African and Singaporean SOEs have PSOs, the approach adopted to achieve these PSOs, significantly differentiates the fiscal and financial discipline of SOEs in the two countries. Temasek drives SOEs in Singapore to operate exclusively as commercial entities in order to contribute towards the national budget for providing major social services. Nevertheless, despite not being mandatory, Singaporean SOEs also perform PSOs, but they are not compensated by their shareholder as a result of the SOEs operating purely on commercial basis. In South Africa, PSOs is not separated from the commercial mandate for the schedule 3 SOEs that are not profit oriented and even for some profit –oriented schedule 2 SOEs. Even though SOEs report on these PSOs, there is difficulty in determining the cost of PSOs of SOEs. In addition, some South African SOEs receive part of their operational funding from the budgetary transfers in form of grants to fund their government mandates, whereas Singaporean SOEs are entirely funded from the proceeds of their business operations. The major sources of funds for Singaporean SOEs are dividends from portfolio and distributions from funds, divestment proceeds from investment sales.

Additional funding sources also include new capital from the shareholder, Temasek Euro-commercial Paper, Temasek Bonds, shareholder and bank borrowings (Temasek, 2017).

Boards of Directors of South African and Singaporean SOEs

There should be clear separation between the CEO and the Chairperson (World Bank, 2014). Also, there is need to create a balanced board for SOEs consisting of three distinct categories of directors: executive directors, who are the CEO and other senior full-time executives of the company; nonexecutive directors, who are not part of the executive team or are not employed by the company; and independent directors, who in the purest form are directors with no material relationship to the company (World Bank, 2014). In creating a balanced board, SOEs are to ensure reduced representation of state role-players on boards. In this context, boards that are composed mainly of state representatives usually lack the required skills and objectivity key to proper boards functioning. Such board members are normally used in pursuing policy goals. Professional criteria should, thus, be adopted for selecting and dismissing board members. It is key to note that large boards tend to reduce performance considering that it prevents detailed consideration of important issues, thus making decisions cumbersome. Also decision-making in large boards is usually time-consuming as it takes time to build consensus between different factions on the boards. Hence, in OECD countries, the maximum number of directors representing each SOE board ranges from 9 to 15 members – which is about ideal for SOEs (World Bank, 2014).

Board structure and composition play an important role in organisational stewardship and performance. Participant B noted that “board size often affects board independence”. There are essentially two types of board structures for SOEs – unitary and two-tier boards. In the unitary board structure, the board of directors are the governing body and comprises of independent non-executive directors that supervise management executives who are charged with the daily running of the SOEs; while the shareholders are at the top of the hierarchy (Wang, 2014). In a two-tier board, a supervisory board is charged with controlling management and the independent directors (Jungmann, 2006). Both South African and Singaporean SOEs utilise unitary single-tier board structures, with average South African boards having eleven directors, and average Singaporean board comprising nine directors. The board committees are similar in both countries, where SOEs do not have industry-specific committees. The Chairpersons and CEOs of SOEs in both South Africa and Singapore are separate people, each performing distinct specified roles in the SOEs. The selection and appointment of board members are similar in both countries. The nominations committees recommend candidates for appointment or reappointment. In both South Africa and Singapore, it is required that a majority of the board members are non-executive directors. Although it may not be easily determined whether Singaporean SOE boards are influenced by nepotism, compared to South Africa SOEs boards, Singaporean SOEs boards are better constituted in terms of experience and skills. The tenure of directors in Singaporean SOEs is for an initial three years, which is reviewed annually at the annual general meeting, and may be renewed a maximum of three times, thus allowing directors to act for a maximum total of nine years. The initial tenure of directors in South Africa is for three years, and similar to Singapore, which is

reviewed annually as is the case in Singapore. However, unlike in Singapore, if it can be established that independence has not and will not be compromised, it is possible that a non-executive director of a South African SOE may continue in office after nine years. In South Africa, the board charter stipulates the role of the board and that of its committees. In Singapore, the practice guidance and SOE-specific terms of reference stipulate the terms of reference of the board and the board committees. The training of board members in Singapore appears better structured than in South Africa. In addition to ongoing training, it is documented that newly recruited board members in Singapore are trained when they assume duty. In this context, it appears that the board structure in South Africa does not adequately allow for the type of models in place. In this regard, participant F asserted: "SOEs boards often forget that they are state-owned and instead act like they are PSEs. This results in a number of problems in the enterprises. Thus, the minister and the responsible department have to be competent enough to carry out their oversight duties as outlined in the PFMA. Once this oversight is not fulfilled, problems set in". However, although both the minister and the relevant ministry may discharge their oversight obligations, problems may persist due to a lack of competency by those charged with managing the SOEs. Hence, it becomes important to maintain a balanced relationship between the shareholding ministry with that of the board and management of SOEs. In this regard, participant F noted: "Once you overlook this relationship, it becomes a problem. I have been doing oversight for five years, I know that where we have problems is that people who are supposed to be doing oversight don't do their jobs, and otherwise they could have eliminated most problems while at the infant stage". Table 5 shows comparison of boards of directors between SOEs in South Africa and Singapore.

Table 5 Boards of directors of South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
Separation between CEO and Chairperson	CEOs are and Chairpersons are two different people	CEOs are and Chairpersons are two different people
Balanced boards for SOEs	There are usually balanced boards	There are usually balanced boards
Professional criteria be adopted for selecting board members	Professional criteria are adopted for selecting board members	Professional criteria are adopted for selecting board members
Board Size	The board size is usually ideal	The board size is usually ideal

Remuneration of South African and Singaporean SOEs boards

The remuneration of board members ought to be competitive and packaged in a manner that attracts, motivates, and retains qualified people that are capable of serving the interests of the company (World Bank, 2014). Salaries and benefits of executive directors should encourage both internal and external competition and should be linked to performance. Further, particular attention is to be paid to the effectiveness of compensation plans in attracting and motivating CEOs and other senior executives. Remuneration of non-executive directors should also be competitive to attract, motivate, and retain qualified people (World Bank, 2014). The World Bank (2014) submits that SOEs may be categorised according to their characteristics to enable comparison of

remuneration package by SOE industry and size, since there are wide differences between industries, especially in financial and non-financial sectors.

Board remuneration in each country is structured differently (Table 6). Non-executive directors in South Africa are paid a fixed monthly salary and are reimbursed for any expenses incurred in discharging their duties. Although remuneration is benchmarked with industry and markets, the final pay is fixed by the shareholder, after consulting with the National Treasury and taking into account the recommendations of the remuneration committee. Additionally, for SOEs under the control of the DPE, the remuneration of directors is packaged taking into account the Remuneration and Incentive Standards of the DPE for SOEs Executive Directors, Prescribed Officers and Non-Executive Directors.

Table 6 Remuneration of South African and Singaporean SOEs boards

World Bank's best practices	South Africa	Singapore
Remuneration should be competitive	Remuneration not as competitive as in PSEs	Remuneration is as competitive as in PSEs
Remuneration should be determined by the board/committee	Remuneration determined by the board/committee and the DPE, where applicable	Remuneration is determined by professionals outside SOEs
SOEs to be grouped according to their characteristics	SOEs are not grouped according to their characteristics	SOEs are grouped according to their characteristics

By contrast, the practice in Singapore is to hire a remuneration consultant to determine the appropriate remuneration of non-executive directors taking the specific regulatory, operating and competitive environment into account. Non-executive directors are paid a retainer as directors' fees, as well as variable remuneration according to their contribution relating to board meeting attendance and board committee membership. While a larger percentage (between 70 and 85%) of remuneration is paid in cash and the balance is sorted in the form of shares, which non-executive directors may only dispose a year after the expiration of their tenure. This is key in ensuring that non-executive directors hold a minimum of the shares of the SOEs during their tenure, ensuring that the interests of directors are aligned with that of the shareholders. The composition of the remuneration packages of Singaporean non-executive directors suggests that they are better compensated when compared to their South African SOEs counterparts. It is worth noting that the World Bank (2014) found that the compensation of non-executive SOE directors in Indonesia, Thailand and Singapore were higher than other major companies, both privately and publicly owned. Arguing that appropriate remuneration is crucial for organisational survival, Liu and Zhang (2015) assert that reasonable incentivised contracts packaged by owning states can motivate executives of SOEs to concentrate efforts towards ultimately attaining the mandates of SOEs. Participant A observes: "one of the reasons, if not the main, for reduced public sector presence on the boards of South African SOEs relates to remuneration, since the National Treasury does not want public sector officials to earn double salaries – one for working for the government and the other for working for the SOE". Participant K confirmed this by stating: "apart from the representative of the department, no other public official would be willing to serve on the board of SOEs when they will not be compensated for their SOE board activities". In this

regard, the World Bank (2014) specifies that government officials on boards of SOEs should not be compensated for such role.

Disclosure and Transparency of South African and Singaporean SOEs

SOEs, especially large SOEs, should be listed on stock exchanges (World Bank, 2014). Listing SOEs on the stock exchanges assists in overcoming corporate governance issues and permits good corporate governance in terms of strong internal control practices and reporting. Also, where the state is the sole or major shareholder, listing SOEs sustains commitment to good governance and financial reporting (World Bank, 2014). Further, SOEs should be subjected to standard reporting requirements. The World Bank (2014) notes that timely, accurate, and adequately audited financial statements constitute one of the most important tools for holding the management of SOEs and SOEs themselves accountable. SOEs should thus be subjected to reporting requirements as obtained in PSEs. PSEs are often mandated to publicly make their reports available to the general public. Hence, SOEs are to emulate this by preparing financial and non-financial reports. Non-financial reporting is key considering that SOEs usually have non-financial objectives. Also, SOEs should have internal control unit and reports are to be subjected to external audit. Independent external audit contributes to the credibility of SOE financial reporting and provides reasonable assurance to the owner, investors, and the general public that the financial statements fairly represent their operations (World Bank, 2014).

Both South African and Singaporean SOEs prepare integrated reports and have internal audit functions, as well as audit and risk committees. Although South African SOEs prepare their financial accounts following the International Financial Reporting Standards (IFRS), a majority of the Singaporean SOEs prepare their accounts in line with the Singapore Financial Reporting Standards (SFRS). However, with concurrence of the securities regulator, SOEs listed in Singapore may also use IFRS (IFRS, 2021). South African and Singaporean SOEs both adhere to their respective national codes of corporate governance – King IV in South Africa and the Practice Guidance in Singapore – disclosing their operational and governance performance and board structure in their annual reports (where publicly available). In addition, South African SOEs are obliged to report on their PSOs and mandates. Moreover, the scope of the statutory audit performed by the Auditor General of South Africa has been expanded to include establishing whether the SOE's accounting authority[3] , designed, applied, implemented, and reported on the adoption of the combined assurance model, as codified in King IV code.

The combined assurance model combines several assurance services for the purposes of enabling an effective control environment; aimed at improving organisational internal information integrity (IoDSA, 2016; Decaux & Sarens, 2015). Participants in this combined assurance model include the governing body and its committees, the audit committee, internal and external assurance providers, regulatory inspectors and other external assurance providers (IoDSA, 2016). Other regulatory inspectors and assurance providers

[3] The accounting authority is the governing body of an SOE charged with fiduciary responsibilities prescribed by the PFMA (South Africa, 1999) and the Companies Act (South Africa, 2008).

include but not limited to the South African Bureau of Standards, the Civil Aviation Authority for airlines, the Health and Safety Commission for manufacturing companies, and the Independent Communications Authority for telecommunication companies.

It appears the disclosure of SOEs in South Africa is better than that of SOEs in Singapore, especially since the reports of a number of Singaporean SOEs are not publicly available as seen in the case of Media Corp and Pavilion energy confirmed on the websites of the companies, raising questions about their transparency and public accountability (Table 7). Nevertheless, despite some Singaporean SOEs not publishing their results, it appears Singaporean SOEs are still better transparent compared with South African SOEs, especially those publishing their financial statements, since Singapore is perceived as a more transparent and accountable country. Additionally, Singaporean SOEs are subjected to better capital market discipline as they are listed on stock exchanges (World Bank, 2014). Moreover, a combination of lower corruption levels in Singaporean SOEs and in the country in general (Transparency International, 2020), suggests that Singaporean SOEs appear to be better accountable compared with South African SOEs.

Table 7 Disclosure and transparency of South African and Singaporean SOEs

World Bank's best practices	South Africa	Singapore
Listing SOEs on stock exchanges	SOEs are not listed on stock exchanges	SOEs are listed on stock exchanges
Subjecting SOEs to standard reporting requirements	SOEs are subjected to standard reporting requirements	SOEs are subjected to standard reporting requirements
Subjecting SOEs to internal control/audit and external audit	SOEs are subjected to internal control/audit and external audit	SOEs are subjected to internal control/audit and external audit

Conclusion

Despite notable differences between SOEs in South Africa and Singapore, they are both comparable in a number of ways. Although Singaporean and South African SOEs are being known by additional terminologies, such as SOCs, GBEs and GLCs, this paper generically refers to these enterprises as SOEs, following the assertion by Grossi et al. (2015) contending that SOEs is an umbrella term used widely by academics, international organisations and practitioners to identify these enterprises.

The ownership and organising models have emerged as the main difference between South African and Singapore SOEs. Whereas South African SOEs are organised in terms of the centralised and decentralised models, Singaporean SOEs are overseen by a holding company, Temasek. It is submitted that this single difference has contributed to the different levels of SOE performance in these countries. In this regard, the World Bank (2014) and the OECD (2005) note the decentralised model is no longer in use in many states, with reforms in many states pushing SOEs towards the centralised and dual models, despite these models not appearing as robust as the holding company model.

The holding company model is less bureaucratic and allows SOEs to operate more in line with PSEs practices and to be listed on relevant stock exchanges, when compared with the other models. When reforming SOEs, it is not surprising that states often consider centralised and dual models, since political interference tends to be heightened in the decentralised model, which results in politically connected public sector role-players promoting their personal and political interests through SOEs. Even though the dual model is still widely used, the centralised model appears to be referred for SOE reforms in many states. It is however, inappropriate to conclude that a particular model has emerged as dominant, since such a conclusion cannot be reached without an extensive evaluation of adequately represented owning states and SOEs. Moreover, depending on the particular circumstances of each state, states will continue tweaking these organising models to suit their own circumstances, making it difficult to identify the specific model in use (Christiansen & Kim, 2014).

After comparing Singaporean and South Africa SOEs with the primary corporate governance themes emerging from the World Bank's Framework, it would appear that SOEs in Singapore have complied better with best corporate governance practices relative to SOEs in South Africa, which is attributed to most Singaporean SOEs being listed on various stock exchanges. In addition, when compared with South African SOEs, Singaporean SOEs are governed by seasoned business-oriented managers, ensuring greater focus on SOE efficiency and effectiveness.

While this study focused mainly on SOEs and associated SIEs and SWFs, it is hoped that the discussions and findings in this study are useful to public entrepreneurship audience considering that the discussions and findings cover the public entrepreneurship areas identified by Klein et al. (2010). Including the institutional environmental changes that have taken place within SOEs in the countries, encompassing regulatory requirements, management practices and structural changes. This study also covers the establishment of public organisations (in this case SOEs) in terms of creation and management, with the hope of exploiting spill-overs by private role-players, while mitigating market failures for the purposes of further offering wider public goods and services, as argued by Klein et al. (2010).

Future studies on public entrepreneurship with regards to SOEs could test the different organising models to establish which are more suitable for the current social, economic and political cycles. This type of study could adopt an appropriate rationale of comparative corporate governance, since comparing organising and ownership models of SOEs appears to be the most suitable way to comparatively study SOEs corporate governance (Ahmad & Omar, 2016). Such a study promises new insights into how SOEs can be effectively organised, owned, governed and structured in order to fulfil their state-provided mandates, thereby improving SOE efficiency and effectiveness, simultaneously enhancing their ability to increase, rather than deplete national resources.

Future studies could also explore the impact of performance monitoring and accountability on SOE efficiency and effectiveness. This will assist in documenting the extent to which SOEs pay attention to accountability and performance issues, which are

key tenets in corporate governance and public management. Since the paradox of SOEs in South Africa appearing to have better performance monitoring mechanisms, but not performing as well as SOEs in Singapore, while interesting were beyond the scope of this paper, further studies could explore this aspect of compliance as well. Future studies could further explore the relationship between board tenure and board independence and the impact on SOE effectiveness. This will further inform our understanding on the point at which board independence could be compromised, in relation to the different models of board tenure in Singaporean and South African SOEs.

Further studies could also explore the impact of board remuneration on SOE performance. While these types of studies, using different methods, have already been undertaken in PSEs, there is paucity of such on SOEs. This will provide important insights into whether board and management incentives are likely to improve SOE performance, following Florio's (2014) submission that when executives of SOEs are not appropriately motivated, observers should understand the reason why firms whose executives are less remunerated, are likely to perform worse than those whose executives are better remunerated. Similarly, further studies could also explore the effects of the shareholding of non-executive directors on SOE efficiency and effectiveness.

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