The American University in Cairo
School of Global Affairs and Public Policy

CORPORATIZATION OF STATE OWNED PRESS INSTITUTIONS IN EGYPT
AN ADAPTED CORPORATE GOVERNANCE INDEX
CASE STUDY: AL-AHRAM

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the degree of Master of Public Policy

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(under the supervision of Dr. Laila El-Baradei)
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ABSTRACT
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This study analyzes the published corporate governance guidelines and related documents of the BBC, The New York Times, The Washington Post, The Guardian Media Group and Thomson Reuters and accordingly creates an adapted corporate governance index suitable for implementation on the state-owned press institutions in Egypt with the aim of moving them towards a greater degree of corporatization. The notion of the research is that the legislations and board structures of state owned press institutions in Egypt don’t fit their mandate and that corporate governance needs to be applied to these institutions to make them eligible for market.

Qualitative content analysis is applied to the studied documents and in depth interviews are conducted with ten media and academic experts to realize the proposed index. The study adopts three justified approaches, public interest, stakeholders’ benefit and agency governance approaches. The index is then applied as an assessment tool to Al-Ahram state owned press institution.
The study finds that Al-Ahram as well as SOPIs don’t satisfy most of the good corporate governance indicators. Board of directors’ mandates, functioning mechanisms, nomination, planning, disclosure policies, relationship with the owner and many other aspects fail to meet the requirements of a good corporate governance system.
Dedication

I dedicate this thesis to the person who granted me the first career opportunity in journalism ...

to my mentor, friend, life coach and spiritual father who taught me that life is a continuous
learning process... I dedicate it to the soul of Abdullah Kamal, the former editor-in-chief of

Rose-Al-youssef Press Institution and founder of Dot Msr Digital Platform.
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### Table of Contents

ABSTRACT .......................................................................................................................... 2

Dedication ........................................................................................................................... 4

Acronyms ............................................................................................................................ 8

i. Introduction ....................................................................................................................... 9

Background and Problem Definition .................................................................................. 11

Study objective ..................................................................................................................... 16

Why Corporate Governance? .............................................................................................. 17

Why do State Owned Press Institutions Need an Adapted Index? .................................. 19

Research questions ............................................................................................................ 20

ii. Literature Review ........................................................................................................... 21

A- Governance ................................................................................................................... 22

B- Corporate governance .................................................................................................... 25

C- Media Governance ......................................................................................................... 26

D- Literature gap .................................................................................................................. 32

Legal Framework ............................................................................................................... 33

iii. Methodology and Conceptual Framework .................................................................... 40

Methodology ....................................................................................................................... 40

Conceptual Framework ..................................................................................................... 45

iv. Findings: The Proposed Corporate Governance Index and Application to Al-Ahram .... 55

Indicators selection and validation ..................................................................................... 58

Application to Al-Ahram ..................................................................................................... 59

First Dimension: Board Composition and Operation ......................................................... 60

Indicator1: Presence of Corporate Governance Committee ............................................. 60

Indicator2: Explicit BOD Mandate ..................................................................................... 62

Indicator3: Explained CEO and Chairman Offices Policies .............................................. 67

Indicator 4: Inclusion of Independent Directors in the BOD ............................................. 70

Indicator 5: Effective Board Size (Effective board size determinants) ............................... 74

Indicator 6: Boards Term limit Policies ............................................................................ 76

Indicator 7: Specified qualifications for directors selection ............................................. 78

Indicator 8: Board dismissal policies ............................................................................... 82

Indicator 9: Supervision, communication and access mechanisms .................................. 86

Indicator 10: Regularity of Meetings ................................................................................ 88
**Acronyms**

BBC - British Broadcast Corporation

BOD - Board OF Directors

CEO - Chief Executive Officer

CG - Corporate Governance

CGI – Corporate Governance Index

EB – Editorial Board

GMG – Guardian Media Group

ID - Independent Director

NP: National Press

NPI - National Press Institutions

NPO - The National Press Organization

NYTC - The New York Times Company

SOE - State Owned Enterprise

SOI - State Owned Institution

SOP – State Owned Press

SOPI – State Owned Press Institutions

SPC: Supreme Press Council
i. Introduction

All promising official statements about National Press reforms in Egypt fade down on the ground of execution... on the ground of heavy debts, absence of credibility, bureaucracy, inflated administrative structures and the inherited bad reputation. The problem has always been abridged into the question of independence and political intention. Lack of independence and the malicious political intent can be seen as the causes of the devastating problem; however they are not enough for comprising the problem definition anymore. Behind the accumulated debts there is absence of risk management policies and independent auditors. Behind the lack of credibility stands the absence of disclosure policies. Behind the inflated bureaucratic structures, there is lack of strategic planning and lack of succession planning for senior positions. Behind all the problems, stands an inefficient board of directors. Behind the inefficient boards, there are weak outdated legislations, and mandates with irrelevant motivators. Accordingly, the main assumption behind this thesis is that there is a need for a good corporate governance system to be implemented with the State Owned Press Institutions.

State-media exists in many countries (CIA, 2015), but they exist in more effective patterns that protect them from the deficiencies of the public sector. Although the BBC is a public broadcaster that is headed by a Trust that is appointed by the queen on advice of the cabinet (BBC, 2015), which practically means that Trust members are appointed by the cabinet; and although it is funded by the compulsory license fees paid by the British people (Heath J., 2014), the BBC is a corporation that almost complies with all the British Corporate Governance Codes with very few exceptions (BBC, 2014). The National Turkish Radio and Television is called the Turkish Radio and Television Corporation (TCF, 2015), despite being funded by tax payers. On the other side and in spite of being designed to be self funding and profit making firms, state-
owned press institutions in Egypt are still structured and run with traditional governmental mechanisms that do not fit its set targets and are not eligible to produce competent journalism.

This study proposes an adapted corporate governance index that can be applied to the State-owned Press Institutions in Egypt with the aim of corporatizing these institutions and therefore alleviating many of the aforementioned problems affecting their effectiveness and efficiency.
Background and Problem Definition

A- Historical Background

The problem of national press institutions (NPI) started in 1960, when the former president, Gamal Abdunnasser, nationalized the press. Independent journalists became civil servants (Elzahed, 2012). Until this date there hadn’t been any press owned by the state, but there had been only state radio and television (Rashwan, 2015). Press nationalization was an implementation mechanism of Abdunnasser’s socialist policies. Al-Sadat dealt with the problem by delegating the ownership of NPIs to the newly founded Shura Council by that time (Elzahed, 2012). This transition in ownership was only a nominal action due to the ruling party domination over the Shura Council, so the press remained under the direct control of the ruler.

All the state’s policies in dealing with the NPIs problems lacked the political will as well as the right implementation mechanisms. Most of the reform policies were only provisional sedatives to the deep rooted problem, while some policies added more to the problem. Although the problem was multi-dimensional it was mainly viewed from the political perspective only.

B- Problem Factors

1- Absence of Independence

National Press failed to defend the former President Mubarak, and then turned against him, then supported the former president Muhammad Morsi and then turned against him (Kassem, 2015). These fluctuations show that NP wasn’t loyal to certain principles rather than being loyal to whoever is in power.
On the fifth of February 2011 Al-Ahram National Newspaper published for the first time a large photo for Tahrir Square in the top middle of its front page and stated in its headline “Hundreds OF thousands in Tahrir are asking for change”. And in an act taken as bidding Mubarak’s regime goodbye; Al-Ahram issued on the same day a new edition specialized in the news of the revolution (Awad, 2013). During the period from the 3rd to the 11th of February, 2011; Al-Ahram changed its frame and its stance from the revolution; it became more pro revolutionaries (Ibrahim E., 2012, p. 11). Al-Ahram wasn’t an exception, but all the national newspapers turned to support the revolution starting from this period. The revolutionary effect on the State Owned Press (SOP) didn’t last for long and the national newspapers turned back to be the mouth piece of the new regimes as soon as The Supreme Council of the Armed Forces took over.

NPIs are owned by the state, which means shifting to be the mouthpiece of the military council in the transitional state then of the former Muslim Brotherhood president, Dr Mohammad Morsi, during his presidency (Saed, 2013). This is not a new trend in the NP, but these efforts echo the attempts that were made several decades ago in the semiofficial press, when the NP denied the reality of the Egyptian Military’s loss to Israel during the 1967 war (Hamdy & Gomaa, 2012).

Changes in regimes always meant a change in the boards of directors (BOD) as well as in the editorial boards (EB) of the NPIs. Six weeks after the resignation of the former president, Mohammad Hosni Mubarak; Essam Sharaf, the prime minister thereafter who was appointed by the Supreme Military Council, declared significant changes in the editors in chief and the chairmen of the NPIs (Alarabiya, 2011). Five weeks after the nomination of the former Egyptian president, Mohammad Morsi who was the leader of the Freedom and Justice Party, the new
regime declared changes in the NPIs leaders through the Shura council that was dominated by the Muslim Brotherhood, at that time (ONTV, 2012). This was followed by changing the supreme press council members one month later (Alarabiya Net, 2012). Then the regime considered changing the NP chairmen, six months after the 30th of June revolution (Youm 7, 2013). Six months-time without changes in NPIs leaderships was considered the longest period since the 25th of January Uprising. The Supreme Press Council then drafted a new law regarding the appointment of the editors in chief of the NPIs (Mekkawy, 2013). Twenty days after the election of Marshal Abdelfattah Elsisi as the sixth President of Egypt, the Supreme Press Council declared new changes in the editors in chief of the NPIs (MENA, 2014).

2- Declining Circulation and Increasing Financial Burden

There aren’t any disclosed official figures, regarding the circulation of National Newspapers in Egypt. Circulation numbers are considered a secret and publishing them, despite being required by law, is perceived as being of a negative effect on the advertising revenue (Rizk, 2015). There aren’t official data in this regards; however it has been stated by some officials that national newspapers’ circulation is declining (Helal, 2015), without any mention to solid figures. According to the former president of Shura council the returns of some national newspapers reach 95% (Fahmy, 2013). According to Khalid Elsergany, columnist, weekly circulation of some national press publications does not exceed 300 issues (National Coalition For Media Freedom, 2012).

Other factors add up to the circulation problem. The increase in the number of competing privately owned newspapers and the consistent rise in the numbers of internet users in Egypt that exceeds 46.2 million according to the Ministry of Communications.
Despite carrying popular brand names, most NPIs have been realizing extravagant losses; however there aren’t any available accurate data about their debt accumulations or annual budgets. The NPI debts started only with 2.5 billion pounds, and then the figure was multiplied. (Rashwan, 2015). According to a parliamentary committee headed by the former Prime Minister Ali Lofty in 2007, the accumulated losses and debts of NPIs were declared to be 7 billion Egyptian pounds (Abdelaziz, 2011). The former President of Shura Council, Ahmed Fahmi stated that NPI losses reached 17 billion pounds in 2013 (Fahmy, 2013). Sources of these debts are the advertising taxes and National Security dues that haven’t been paid by former NPIs chairmen, due to the political deficiency that gave NPIs chairmen the authority to ignore paying the country its dues (Rashwan, 2015). The successive governments dealt with the NPIs worsening problem with ad hoc, short-term reactive solutions which did nothing but added to the dilemma.

3- Bureaucracy and lack of Accountability

Government bureaucracy, lack of proper accountability mechanisms and lack of result oriented evaluation processes constitute a fundamental part of the NPIs problems.

There are currently 55 National publications in three languages. NPIs comprise 25000 employees, among which are the journalists whose number ranges between 4500 and 5000 journalists. Approximately 60% of the journalists are syndicate members (Rashwan, 2015). This relatively big number of public employees works under a bureaucratic system that does not suit an industry based on creativity and fast achievements.
The traditional public administration of NPIs lack proper accountability and evaluation mechanisms. Chairmen become more of bureaucratic administrators, rather than being result oriented public managers who are questioned about the profit making and circulation rates of their product. The lifelong contracts for journalists, lack of financial allocations for capacity building, the difficulty of new hiring and nepotism are all manifestations of the NPIs bureaucracy; and The Supreme Press Council (SPC), that is considered the highest power over NPIs, has been committing a major fault by limiting its role to appointing the chairmen and editors in chief, while the dilemma of these institutions needs strong actions from its side that comprise deep reforms, and administrative as well as financial restructurings (Abdemeguid, 2013).

Taking into consideration all the previously mentioned problems, uncovered corruption cases weren’t a surprise. The popular corruption case, known in the media as “Al-Ahram Gifts Case”, was a normal result of the absent policies. Precious gifts that were reported to be worth millions of pounds were given away by Al-Ahram NPI to the former President, his family members and 22 other public figures related to his regime (Shorouk, 2013). There wasn’t any obligation on NPI chairmen to introduce any explanations to their decisions regarding the expenditures allocations.

Absence of clear ownership policies contributed to the problem, some argued that this ownership model which takes place through The SPC isn’t common in democratic countries (Saed, 2011). Now as there is a new body that will replace the SPC, according to the 2014 constitution, a vital question needs an answer; what are the guarantees of not replicating the SPC model deficiencies in the new body, and how to make a real rather than cosmetic change.
This study contributes with an answer by proposing an adapted corporate governance index for NPI governance assessment and problem solving. The assumption is that an adapted corporate governance model when applied to the National Press Institutions can contribute to alleviating some of its deeply entrenched problems.

**Why National Press Institutions Reform is a Priority?**

In the middle of a tough Egyptian economic situation and political hardships, is reforming the national press a priority? In developing countries this question is highly debatable. Some will argue that poverty reduction, undermining terrorism, security, and education are of a higher priority. According to a report published by the World Bank, this short-sighted argument fails to take into account the media’s essential role in helping to achieve development and governance outcomes. If poor people don’t have the right to express themselves you can’t build public consensus (Kalathil, 2011). This study argues that state-owned media should serve the public purpose, and be the voice of the vulnerable, and this can be achieved by complying with a good corporate governance system.

**Study objective**

This thesis aims at contributing to solving the Egyptian State-Owned Press Institutions (SOPI)s problem by taking a corporatization approach through developing a Corporate Governance Index (CGI) that is applicable to SOPIs.

This is a good time to introduce this study while a new SOPIs governing body is being established, and new press laws are being proposed in compliance with the new constitution.
Why Corporate Governance?

1- To Counter Corruption

The Corporate Governance (CG) discipline has recently restored the interest of scholars and practitioners due to the popular corporate scandals that were reported in the United States and were referred to governance deficiencies (Picard, 2005, p. 1). This lead to re-evaluation of CG systems effectiveness in the USA (Kroszner, 2008).

Scholars argue that media and specially newspapers in the USA need to overview their CG mechanisms due to similar scandals, unclear conflict of interest policies and lack of guarantees that journalists are working for the public interest rather than their own self-interest (Arrese, 2005).

Other serious governance related issues like media firms bankruptcies urged the interest in media corporate governance. One of the popular media bankruptcies in the USA is the cable TV operator Adelphia that was driven into bankruptcy in 2002.

SOPIs in Egypt have faced similar problems. They witnessed corruption scandals, as those of Al-Ahram as well as witnessing critical financial situations that if not for the government’s intervention, would have turned SOPIs bankrupt. It is therefore, a necessity for SOPIs to consider adoption of CG mechanisms that put clear definitions to the interests of the state as an owner and to the public purpose as the main beneficiary as well as setting the needed policies to deal with the existing SOPIs problems.
2- Governance is needed Rather than Government

We need to run our National Newspapers through governance, not government. Government is about practicing power while governance is about fulfilling the interests of different actors through transparent rules (Nolan & Marjoribanks, 2011). SOPIs should take the public feedback and the rights of the vulnerable into consideration in the decision making process. Governance, unlike government is not about the control of the ruler as much as it is about the participation of the governed (Carioo, 2004).

3- Clear Ownership Policies are needed

One of the main controversies about state-owned media revolves around government control. Some scholars argue that state-owned media is a weapon in the hands of ruling regimes who use it to limit their opponents (Lauria, 2012). Others consider it a public service that provides the right to information to all citizens on equal basis and protects the industry from the control of capitalists. Others argue that state media has a vital role, but there are boundaries that keep it far from practicing its role as public service broadcasting. Public media should be independent of the executive authority (Inter-American Commission on Human Rights, 2010) and ownership policies are needed to resolve the complicated relationship between ownership and control. This can be realized through corporate governance (CG), because CG is mainly about organizing the relationship between the owners and other stakeholders.

4- To Achieve Press Freedom

Vast literature ties media freedom to good governance (Gehlbach & Sonin, 2008). A government that respects the rules of democracy gets its strength from guaranteeing the editorial
freedom of the public media, thereby accepting that it will sometimes be criticized by state-sector journalists. (Reporters Without Borders, 2010). CG system must be strictly applied to the Egyptian SOPIs in the face of those who promote for state media as a national security subject that should be dealt with in accordance with security sensitivities (Elgallad, 2015).

5- To Make Profit

The Country must have an information system, but this does not mean it has to spend on it. The country is facing hard financial circumstances, so spending on losing newspapers and Maspero doesn’t make sense, but these state-owned media entities should make profit. There aren’t any accepted justifications for these institutions losses and they can overcome these losses under good management (Kassem, 2015). There shouldn’t be any contradiction between being public and making profit (Rizk, 2015).

Why do State Owned Press Institutions Need an Adapted Index?

This paper does not recommend the application of a ready-made corporate governance index (CGI) to SOPIs, out of the notion that a successful governance model can’t function if not adapted to its existing context. Governance structures and processes are related to the corporations’ environments and differ according to the nation, structures and ownership patterns (Picard, 2005).
Research questions

The main question is:

To what extent the application of an adapted set of corporate governance indicators (CGIs) when applied to the state owned press Institutions (SOPI) in Egypt can help in alleviating some of their deeply entrenched problems?

The answer is realized through the following sub-questions:

1- What are the corporate governance dimensions of reputable and successful media firms?

2- What are the corporate governance dimensions that are suitable for the Egyptian state-owned press institutions’ legislative, political and social context?

3- How can these indicators be applied to the state owned press institutions? (What are the needed reforms – what is the cost?)

4- To which extent does Al-Ahram State Owned Press Institution comply to the indicators of good corporate governance system?

5- What are the main obstacles that prevent Al-Ahram from realizing a good corporate governance system?

6- What are the studies needed for deciding upon the right corporate governance policies for the state owned press institutions in Egypt?
ii. Literature Review

The literature on governance is very rich with debates. Every minor governance dimension constitutes a controversy that has lasted for decades without a definitive answer. The debate goes among both, scholars as well as among practitioners and each group has its arguments and supportive evidence. Corporate Governance (CG) and Media Governance inherited these controversies.

The literature review of this research covers a wide range of studies. It addresses the studies that observe the term broadness and the interpretations variations; and because one of the objectives of this study is to counterpart corruption; the literature covers the conducted research on good governance and the controversies revolving around it in terms of, descriptions, implementation, effectiveness and the debate between the state-centric governance versus the beyond-state governance. IT covers as well the development in the definitions of corporate governance.

The literature review moves to the narrower circle of media governance; as it observes the debate between profitability versus independence. It discusses the literature on governance and power balance in media firms and addresses many controversies; the controversy between business driven media governance models and the hierarchical traditional models as well as the controversy between the shareholders and the stakeholders’ models.
A- Governance

1- A Broad Term:

Most of the literature on governance agrees on one main attribute that characterizes the relatively new discipline, which is the broadness of the concept on both the academic and practical levels. Governance is a broad concept covering all aspects of the way a country is governed, including its economic policies and regulatory framework, as well as adherence to the rule of law (IMF, 2015). The two leading political scientists Jon Pierre and B. Guy Peters described the concept of governance as notoriously slippery and controversial (Pierre & Peters, 2000). Some scholars argue that the broad scope of the literature on public sector governance is a challenge as well as being an opportunity to researchers. It is an opportunity as broadness makes it a rich area for scholars to create new work; however it is a challenge because the broadness of the term results in having different meanings among researchers (Hodges, 2005).

The agreement of most of the literature on the variance of the governance concept interpretations means that there is always a chance for new contributions in this topic which means that the research topic of this study will necessarily fill a literature gap, the thing that will be discussed in more details in the literature gap section.

2- Three Phases of Term Development

Although different meanings of governance are used by different authors simultaneously, some scholars classify the usage of the different interpretations according to successive phases. Kwame and Anis mention that the development of the governance concept took place in three
stages; it started with a narrow concept that could be translated into technocratic measures to improve government effectiveness. In the second phase the governance had a broader meaning that comprised civic participation and social inclusion, and then in the third phase the governance concept needs to be developed to be capable of dealing with the political conflicts and power sensitivity (Kwame & Anis, 2012).

3- Good Governance

Many scholars as well as concerned institutions contributed with definitions and extensive researches about what they called “Good Governance”. Good governance is often discussed versus corruption. In their book, Good Governance, Rao and N. Bhaskara tackled the issue of corruption by providing good governance measures that can be implemented in five years (Rao & Bhaskara, 2013). The term is regarded sometimes as a general method to improve government (Karpen, 2010). Other scholars and practitioners use the term (Good Governance) in a wider sense; in a book produced by The World Bank about good governance in Africa, Mary McNeil and Carmen Manela use the term (Good Governance) as an equivalent meaning to social accountability that comprised participatory budgeting, civic participation in policymaking, and enhancing civil advocacy groups (McNeil & Malena, 2010). Using the same meaning, The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) defined 8 main characteristics of good governance; being participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable as well as inclusive and follows the rule of law (UNESCAP, 2009). These 8 main characteristics will be taken into consideration while adapting the introduced corporate governance index to the State-owned press institutions, because all of the 8 dimensions are important attributes of successful press corporation.
4- Debate on Good Governance Effectiveness

Debate on good governance is not limited to differences in the term meanings, but the effectiveness of good governance has been questioned and became an issue of debate among some scholars, as well; and each group supports his argument with data. Kwame and Anis argue that politics and power are not easily addressed by governance reforms asserting that the empirical data show weak relationship between good governance and economic growth (Kwame & Anis, 2012). In a paper about the Moroccan experience in governance, the researcher concluded that the political notion of good governance that was praised by the World Bank and international organizations was associated with higher levels of corruption (Maghraou, 2012). While Veerle Van Doeveren warns against treating good governance as the only best development strategy, however he considers it influential despite being vague (Doeveren, 2014).

This stresses on the importance of taking into consideration the elements that weaken the good governance effectiveness while developing our CGI. Despite the conduction of many empirical studies, many researchers approve of the lack of significant data.

5- Debate on Defining the Good Governance Approach

Other scholars agree on the effectiveness of good governance, but disagree on defining the good governance approach. Despite the success of governance reforms in Singapore, scholars and experts are skeptical about Singapore’s governance model that made economic achievements through a state-centric approach (Haque, 2004). On the other side, researchers concerned with the European Union Governance issues question the solutions provided to the pressing problems by governance that is beyond the state (Kohler-Koch & Ritberger, 2006).
B- Corporate governance

Definitions of corporate governance haven’t been spared from controversy and variation. Corporate governance definitions vary widely and have developed over the years. Some definitions are mainly concerned with the internal system of the corporate, its behavior, performance, efficiency, growth, financial policies, and treatment of shareholders and other stakeholders; while other definitions are concerned more with the external rules under which the firm operates.

This study is concerned with reforming the internal system of SOPIs, while the outer governing rules, despite being very important, are beyond the study scope.

Sir Adrian Cadbury stated one of the pioneering definitions that combined the framework with the targets and goals; he said that Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. He adds that the corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim of corporate governance according to Cadbury is to align as nearly as possible the interests of individuals, corporations and society (Cadbury, 1992).

Although the Adrian Cadbury’s definition was descriptive, some of the early definitions of corporate governance tended to be wider like that of the Australian national audit office that defined corporate governance as a term that generally refers to the processes by which organizations are directed, controlled, and held to account (Australian National Audit Office, 1999).
Changes in the business and economic contexts were reflected on the corporate governance literature and by time definitions started to get more developed. The OECD affirmed that its 1999 corporate governance Principles should be revised to adapt implementation to changing legal economic and cultural circumstances (OECD, 2004). OECD approves the usage of the European Central Bank definition. It states that corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization – such as the board, managers, shareholders and other stakeholders and lays down the rules and procedures for decision-making (European Central Bank; OECD, 2004).

Most of the corporate governance literature focuses on the board of directors and points out to it as the key role playing. The Business Dictionary defines corporate governance as the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company’s relationship with all its stakeholders (Vijay Luthra, 2007). In the corporate risk management guide, corporate governance is the process carried out by the board of directors, and its related committees, on behalf of and for the benefit of the company’s stakeholders, to provide direction, authority, and oversights to management. (Sobel, CPA, & CIA, 2007).

C- Media Governance

The literature is rich with research on countries’ media governing systems, while less research is done on the internal governance systems of media organizations. Until now no research was conducted on the attributes and comparisons of different governance guidelines in media entities nor tested their financial effect (Picard, 2005, p. 5).
The literature on Media corporate governance is scarce, however it is available. It has been triggered by the corruption cases and scandals of some media entities. Claims of corruption in firms like the Canadian Hollinger Inc. have led to increased discussions of corporate governance and the balance of power within media firms (Picard, 2005). Serious governance problems have also been evident in media firms as well. It was driven by bankruptcy of some media firms like The U.S. cable TV operator Adelphia that was driven into bankruptcy in 2002 (Gerum & Stieglitz, 2005). However, despite the existence of literature on internal governance of media firms, most of it discusses it in a business driven approach that prioritizes profitability rather than citizen or public approach.

1- Profitability versus Independence

Ownership patterns were discussed among researchers, but the majority discussed it in relation to profitability and few cared about the ownership pattern effect on independence. Studies of media firms have shown that they pursue different managerial goals when they are publicly owned (Picard, 2005).

The effect of public ownership of newspapers on profitability is a subject of big debate among scholars; some argued that publicly traded newspapers are less profitable while Blankenburg and Ozanich opposed this opinion by saying that the degree of public ownership is positively correlated with the financial performance, while others argued that financial performance depends on the governance strategy (An & Jin, 2005).

Little literature discussed the ownership of state to media entities and its effect on independence. Luc Van Liedekerke considers that Governance of the state to media is a huge
problem. He adds that state regulation spoils the political journalism on a daily basis. He concludes that the main questions of implementing media governance models to state media, remain unanswered (Luc, 2004).

2- Debate over power balance

Other scholars were concerned with the decision making and balance of power inside media corporate. Robert Picard discusses Struggles over strategic decisions and CG structures in major media firms—such as Disney and AOL Time Warner (Picard, 2005). In his dissertation Haifeng Huang used game theoretic modeling and statistical testing and case studies to study news media governance and political control in authoritarian states and he analyzed how authoritarian governments use diverse mechanisms to manage the news media not only to maintain regime stability but to do reforms as well (Huang, 2009). This brings us again to a critical point which is the state-centric governance reform and whether it should be applied on the SOPI reform or not.

In the decision making context the composition of board of directors (BOD) is always the front topic. The composition of the BOD has been one of the most frequently studied governance mechanisms (An & Jin, 2005); this it is the centre focus of this study.

3- Market Oriented versus Traditional Models

One of the common debates in media governance is the debate between business driven and traditional corporate governance models. Richard Collins argues that in spite of the liberalization
of media and the adoption of government to new public management methods, hierarchical governance remains important and plays a major role. He argues that BBC, unlike other publicly owned providers and media communication enterprises in England, is not subject to market governance. Collins introduces the BBC governance model as a model which keeps its hierarchical system and practices governance transparently at the same time. And he emphasizes in his paper about hierarchy, markets and networks in UK media and communications governance, that despite the rise of network governance and the move towards markets and the attempts to diffuse hierarchical power, the government is still strong and has authority on the governance system of the BBC (Collins, 2008).

Another struggle between the market oriented and public oriented media governance systems is reflected in the book; Media regulation: Governance and the Interests of Citizens and Consumers. The authors Peter Lunt and Sonia Livingstone explain how the UK communications regulator OFCOM managed to cope with the speeding changes one of which was the market-oriented policy regimes. But they criticize the way OFCOM deals with citizenship and criticized as well thinking in terms of markets and consumers. (Lunt & Livingstone, 2012 ). OFCOM is supposedly set to satisfy what was called the consumer citizen which means it has a governing system which compromises between social democratic and market liberal approaches. Lunt and Livingstone emphasized the struggle of satisfying the consumer citizen. They give a useful account on the role that OFCOM played in redefining the purposes and characteristics of public service after 2004. And they analyze as well the shift of OFCOM role from policy maker to policy taker.
In a book written by media scholars from all over Europe who are members of the Euro Media Research Group, they concluded that loss of revenue in the journalism field requires publishers to reconsider their business model.

One of the significant media business governance models is the Wikipedia corporate model. In spite of being portrayed as an unprofessional platform, the researchers Andrea, Vanessa and Amy describe Wikipedia organization in their journal article as an organization with highly refined policies, norms and a technological architecture that support organizational ideals of consensus building and discussion. (Forte, Larco, & Bruckman, 2009). They describe how the website governance is becoming increasingly decentralized as the community grows. However they discovered the inability of wiki project members to enforce their own local guidelines to maintain local standard of content production. Although Wikipedia governance model is a decentralized business model, however the researchers suggest that one of the reasons of remaining healthy is the old timers who carry a set of social norms and organizational ideals with them.

In practice the separation between business and traditional models isn’t as sharp as in the academic literature, but many models are a mixture between the business and traditional systems. In their process of identifying the three phases of the evolution of global governance from the early logic of the industrial revolution to date, the authors of (Global Media Governance) listed the traditional and modern reasons for regulating media both as an industry and as a special contributor to political and cultural life. They give a careful description of the formal power of governments while discussing market power as well (Siochru, Girard, & Mahan, 2002).

A study on media governance and corporate social responsibility in Western European countries shows that public service media organizations communicate proportionally more on
media governance than private media organizations. The study says that this is due to the fact that public service media organizations feel more accountable to the public as they have a public service obligation. The study said that Media organizations need to respect a certain degree of editorial autonomy of their newsrooms and not to abuse their exceptional position for promoting the sale of their own products or services through media coverage in their own media, however it is also said that media organizations are economic players as well that pursue business objectives and thus focus on efficiency, profit, and market share. They analyzed content data using quantitative analysis. (Ingenhoff & Koelling, 2012). This asserts on the importance of adapting a new corporate governance index to support the SOPIs in serving the public purpose.

4- Shareholders versus Stakeholders Models

One of the important and relatively new models of media governance is the stakeholder model that is usually discussed versus the shareholder model. While scholars who adopt the agency approach assert that the exclusive focus of corporate governance is to ensure the interests of shareholders, supporters of the stakeholder approach hold onto the notion that corporations should serve all groups or individuals who have a stake in the corporation. (Shao, 2009).

In The Anglo-American tradition, governance structures are shareholder oriented, while in continental Europe, many nations have a different stakeholder orientation in which the interests of communities, labor, and social organizations in governance are often recognized.

Some scholars argue that the stakeholder model leads to a decreased profit and others argue that when shareholders are separated from management the profit increases. More will be discussed in the theoretical framework.
D- Literature gap

Public demands for attention to corporate governance have led a number of the leading media companies to create and disseminate guidelines and policies about governance in recent years, but their existence is still not common among media firms (Picard, 2005), while the Egyptian SOPIs lack any corporate governance structure.

One study partially tackled the governance of National Press in Egypt, but the researcher was concerned with assessment of NPIs in comparison to the UNESCO media mandate that was taken as a benchmark (Hussein, 2015). The comparison was on the macro governance level and did not introduce an adaptation method to the selected benchmark to the Egyptian context, while this study argues that corporate governance models can’t be copy pasted, but should be subjected to adaptation procedures as the model that can be successful within a certain context might fail in another. This study aims at filling this gap by proposing an adapted CGI that can be applicable to the SOPIs in Egypt.

Another study discussed the international governing media bodies in comparison to the Egyptian media governing bodies (Elmasry & Shawky, 2014). Although this topic is very important, regarding governance, because the governing body is the owner representative, but it is beyond the scope of this research, however this research strongly suggests that urgent studies are needed to tackle the topic of the state as an owner to the SOPIs.

By revising the studies directory of the faculty of mass communication in Cairo University, it was found that almost all of the studies that tackle NPs are concerned with the content and layout; however this study pays the least attention to the content, because CG should be applied to corporate regardless of their products.
Therefore this study aims at filling the literature gap by trying to tailor a corporate governance index that best fits the SOPIs in Egypt and by providing a model that contributes to the reform of the internal control system of SOPIs rather than the editorial system.

**Legal Framework**

Until the submission of this research, there was a regulatory gap in the legislative framework of media in Egypt; thus, in the newspapers and national press industry.

The Egyptian constitution that was enacted in 2014 resulted in many changes in media governance that require major changes in press laws as well as the related articles in the penal codes. Most of the media laws became outdated and some of them turned to be unconstitutional; the thing that makes this phase eligible to be described as the media lawless phase.

Press and publishing activity in Egypt has been governed by many regulations, the legal framework consists of constitutional articles, press laws, penal codes, syndicate and unions laws, and moral codes (Abdelmeguid, 2001).

Sources of media legislations have been numerous and sometimes intersecting. Intersection between media regulations sources is manifested in the current situation; as conflicting entities are entitled to draft the media law. On the 18th of October 2014, a 24 member committee was declared by the press syndicate chairman to be in charge of drafting the new press laws. The committee was made up of members from the Supreme Press Council (SPC), the Press Syndicate as well as other media experts (Rashwan, 2014). On the 22nd of October of the same year, the 24 member committee decided to extend its membership to 50 members to be in charge of drafting
all the new media laws. New members had different expertise as they were selected to represent different fields that comprised academics, legal experts, TV and radio experts, chairmen and editors in chief of national and private newspapers, and other groups. Addition of new members was based on voting. The 50 members committee should provide the media society with the new laws drafts to be widely discussed; then finalized and raised to the president (Rashwan, 2015). At the same time the cabinet formed a committee that was said to be an advisory committee for the new media legislations. Despite the assertion of the prime minister that the governmental committee is consultative, the committee proposed a draft law to the governmental legislative reform committee; the thing that was opposed by the Press Syndicate and described as unconstitutional (Abdelrehim, 2015)

The National press institutions are temporarily governed by the SPC that regulates using the constitution, the valid articles of the press laws and penal articles as well as the model regulations of the state-owned press institutions (SOPI)s. The regulation process of the SPC is restricted by the presidential decree issued by the interim president, Adly Mansur. The decree stated that the SPC practices its duties, temporarily until enacting the new constitution, electing the new parliament and issuing the needed laws (MENA, 2013).

A- The Constitution

The Egyptian constitution that was enacted in January 2014 comprises 6 articles that address media regulations, three of them deal specifically with state-owned media the other three articles don’t address state-owned media directly, however they have an indirect implication on state-owned media.
Under the part of “Public Rights, Freedoms & Duties”, Article (70) addresses the freedom of all shapes of media and the right of all Egyptians to establish a media entity only by notification (Constitution of Egypt, 2014). This article guarantees a right to the private sector that facilitates establishing new media outlets; this means a wider chance for the competitors of state-owned media to enter the market.

Article (71) prohibits censorship as well as prohibiting suspension of media outlets except in times of war and public mobilization; same article refers particular publicity crimes, to the law (Constitution of Egypt, 2014). This article guarantees the right of media to freedom, the thing that state-owned media should benefit from as it should not imply self-censorship that limits its freedom and negatively affects its competency versus private media that enjoys its constitutional right to freedom without any censorship.

Article (72) directly addresses the National press and media independence, ensuring their neutrality and presentation of all opinions, trends and social interests (Constitution of Egypt, 2014). This article is Unprecedented as this is the first time to put a clear article that stipulates state-owned media independence from government in the Egyptian constitutional history. Article (72) gives the right to any person or group to litigate against unequal representation in state-owned media (Rashwan, 2015).

Under chapter 10, The Supreme Council for the Regulation of Media; article (211) states the mandate of the new body as a regulator of all media types. The mandate includes protecting media freedom and independence as well as its neutrality, plurality and diversity; and preventing monopolistic practices (Constitution of Egypt, 2014). Many experts see that the role of state-owned media is to save the industry from the monopoly of private sector, but still when it comes
to monopoly there are still other aspects like governance of advertising revenue distribution and monopoly of publishing services.

One of the most important mandates of the new regulatory body, as stated by the constitution, is monitoring the legality of funding of press and media institutions as well as ensuring their compliance with professional and ethical standards, and national security needs (Constitution of Egypt, 2014). Despite the importance of the compliance of media in general and state-owned media in particular with national security needs as stated by the constitution, but still this elastic term might lead to a legal loophole that gives the chance of limiting media freedom and neutrality.

The mandate of the Supreme Council for Media Regulation shows that this council is the replacement of the ministry of information. The constitution asserts clearly on the new council’s independence on all aspects, technically, financially, and administratively.

Article (212) states the mandate of the National press organization (NPO). The stated mandate means that the new organization is the replacement of the SPC. It is defined by the former press syndicate chairman, Diaa Rashwan, as the general board of the state-owned press (Rashwan, 2015). The constitution affirms on the NPO independence and states its mandates that comprise managing the SOPIs and their assets and to ensure their modernization, independence, neutrality and adherence to professional standards.

Article (213) stipulates similar mandate to the National Media Organization that is in charge of managing the state-owned visual, audio, and digital media outlets (Constitution of Egypt, 2014).
The replication of the term (state-owned) media was deliberate as it means that the national press institutions are owned by the country and that the ownership rights are practiced through the Supreme Council for the Regulation of Media, according to the constitution. This does not mean that the state does not have the right to privatize some of these institutions (Rashwan, 2015).

The assertion of the new constitution on the ownership of the state to the national press and on its independence at the same time puts a real challenge to the new press laws legislators as the new regulatory body; i.e.; The NPO must represent the owner which is the state and at the same time must be independent from the executive authority.

**B-Press laws**

Until the submission of this research the press law 96 of 1996, Journalists syndicate law No. 76 of the year 1970, Imprints Law No. 20 for the year 1936 as well as the old articles related to publishing crimes in the Egyptian penal code were still in action. The press law 96 of 1996 includes 81 articles and It is the main law regulating journalism as a profession (Abdelfattah, 2010), however many of the law articles should be omitted and others should be amended according to the new constitution that was enacted in 2014 (Hany, 2015).

The new constitution distributes the responsibilities of the SPC between the Supreme Council for the Regulation of Media and the NPO; it comprises as well many other changes in regards to the governance of National press. A new law is needed to comply with the new constitutional articles.
According to the 2014 constitution, the new law is required to regulate issuing the newspapers by notification as well as regulating establishing online newspapers (Constitution of Egypt, 2014), as the 1996 law deprived individuals from ownership and establishment of papers and did not solve the problem of the procedures of obtaining the license of issuing a new newspaper (Abdelfattah, 2010). The constitution limits media censorship to the times of war and general mobilization (Constitution of Egypt, 2014) while the 1996 law adds “in the case of emergencies” (Abdelfattah, 2010).

Article (71) in the 2014 constitution prohibits freedom-restricting penalties in publishing or publicity crimes (Zayed, 2014), the former president, Mohammad Morsi, as well issued a presidential decree that prevents imprisoning journalists on remand (Al-Ahram Al-Masaei, 2012); while the 1996 press law states imprisonment as a legal punishment for publishing crimes, like refraining from publishing correction to false news (Abdelfattah, 2010). The constitution states that the law should stipulate the penalties of crimes that are related to incitement of violence, discrimination between citizens, or impingement of individual honor (Constitution of Egypt, 2014).

Among the vital additions that are required from the new press law is determining the composition, regulations and employment conditions for the staff of the NPO, while other media laws are required to determine the composition regulations and employment conditions for the staff of the Supreme Council for The Regulation of Media, and the National Media Organization. Thereby, the chapter of the SPC shall be completely omitted due to the cancellation of the council, as well as the supreme press council law.
Regarding the Imprints Law, the Law No. 20 for the year 1936 is still in action. This law regulates printing, including newspapers printing. Many articles are expected to get amended, especially the articles that address the notifications procedures as article (3) of the law states that each printer should notify the government in writing, before printing any newspaper and according to article (20) the newspaper publisher should send 6 issues to the ministry of interior directly after the printing (Abdelfattah, 2010). These articles as well as other articles are expected to be subjected to omissions and changes to abide by the 2014 constitution and comply with the independence stated by the constitutional articles (Hany, 2015).

Until the moment of submitting this research it wasn’t decided whether the new press laws will result in changes in the mandate of the press syndicate or not. Any changes in its mandate will require amendments in the journalists syndicate law no. 76 of the year 1970 that is still in effect. The syndicate law hasn’t been amended since 1970 (Abdelfattah, 2010). Amendments might take place in the penal code articles to abide by the constitutional changes.

All of this shows that major changes will take place in the legal framework of SOPIs, which gives a chance for making changed in the internal governing systems of these institutions, however if these changes were limited to adaptation to the old laws to the new constitution, without a core change, then no major changes will be expected on the ground.

Research Goals:

His research has three main goals:

1- To Define the most suitable CG index that best fits the context of SOPIs in Egypt
2- To Explain and test the implementation chances and limitations of these indicators
3- To ass Al-Ahram SOPI using the proposed index
iii. Methodology and Conceptual Framework

Methodology

This study depends on secondary data, in depth interviews and qualitative content analysis, as shown in the following diagram:

A- Research Steps:

1. CG codes and guidelines of successful and well established media firms, Press, TV, Radio and News Agencies, are analyzed into good governance indicators.
2. Then these indicators are discussed with practitioners and experts with respect to the legal framework of SOEPIs in Egypt.

3. After the in-depth interviews with experts, the good CG indicators are narrowed down and modified to an adapted CGI suitable to be applied to the SOPIs in Egypt.

4. Al-Ahram SOPI is assessed against the developed CGI

5. Public policies and recommendations are proposed consequently

**B- The Following Tools were used:**

**1- Secondary Data**

This research mostly depends on secondary data. The researcher collected data only in the case study as no appropriate secondary data were available about Al-Ahram internal governance system.

The secondary data were mostly corporate governance (CG) documents of different media firms, like governance guidelines, codes and annual reports.

- CG records of other firms
- The record of the Egyptian press legislations and SOPIs codes
- The Egyptian Code of CG

The study’s models were selected according to specific criteria that include but are not limited to the availability of CG records of the firm. The selection criteria included; years of operation, being successful, well established international reputation. Based on these criteria the chosen models were; The Washington Post Company, The New York Times Company (NYTC), The Guardian Media Group (GMG), The British Broadcast Corporation (BBC) and Thomson Reuters
Corporation. They were selected for the following reasons; The Washington Post was founded in 1877, which makes it the oldest newspaper in Washington DC (Encyclopædia Britannica, 2015) and it is one of the top 10 circulated newspapers in the United States (Beaujon, 2014). The New York Times has started since 1951 and won 114 Pulitzer Prizes, this numbers exceeds any other news organization (Encyclopædia Britannica, 2015). NYT has a high circulation that makes it reach the second place in the top ten list of the highest circulated newspapers in the USA (AP). Added to this that the NYTC is concerned with CG, and has full records disclosed on its website. The Guardian is considered among the leading British newspapers, it was founded in 1821 and it is owned by The GMG that is able to achieve financial stability to the newspaper (Britannica Encyclopedia, 2015) It is one of the top 10 newspapers in Britain (Beaujon, 2014). The BBC is selected as the only reference for this study for a state-owned media firm that is corporatized and that functions under CG system, with the aim of having an independent BOD. It has been operating since 1922 and was chosen for the wide international reputation of its radio as well as TV channels, as well. Thomson Reuters News Corporation is chosen for this study as a relatively new media corporate model, as Reuters was established in 2008 and it is now operating in more than 100 countries. Reuters was chosen as the Canadian leading corporate brand in 2010 (Indeed.co.UK, 2015).

2- In Depth Interviews

In-depth interviews were conducted with 10 practitioners and experts. They are divided as follows: Five Senior media practitioners, 3 board members of Al-Ahrma and 2 academics. The interviewed experts were selected according to their established careers and experience.
The media experts and practitioners included; Hisham Kassem; former Chief Executive Officer (CEO) and publisher of Al-Masry Al-Youm, Diaa Rashwan; the academic researcher, journalist and the former press syndicate president (2013-2015), Hamdy Rizk, the chairman and CEO of Akhbar Al-youm SOPI, Magdy El-gallad, the editor in chief of Al-watan Private Newspaper and the former editor in chief of Al-masry Al-Youm, and Mohammad Hany, the former managing editor of Rose Al-Youssef National Magazine and the current President of CBC Channels Network.

The assessment of Al-Ahram is based on three in depth interviews with three of the board members. Mohammad Yaser Farahat, Al-Ahram General Manager and an appointed board member, Ezzat Ibrahim, Al-Ahram editorial manager and appointed board member and Mohammad Galal, an elected board member representing the labor. (Check the annex for interview instrument – Appendix 1)

3- Content Analysis

Content analysis is conducted on the CG documents of the selected media firms, Egypt Code of Corporate Governance, the OECD corporate governance code for state-owned enterprises (SOE)s beside the SOPIs legislations and internal regulations. The content analysis takes a comparative approach as the governance systems of media forms are sometimes compared to each other then compared to the SOPIs system and the regulating laws.

The analysis is conducted with the aim of reaching the most appropriate CG index to the SOPIs in Egypt.
4- Case Study

Al-Ahram National Press Institution is selected as a case study. Al-Ahram is regarded as the biggest State owned press institution in Egypt. It was founded in 1876 as a private organization and remained privately owned until it was nationalized in 1960. Al-Ahram produces 28 publications that range between daily, weekly, monthly and quarterly. It comprises 1700 journalists. Al-Ahram is almost the only SOPI that makes consistent profit. It was financially affected after the 25th of January uprising, however still the annual advertising revenue exceeds one billion pounds (Ibrahim E., 2015) which is suggested to be the highest among SOPIs.

Al-Ahram comprises a number of entities that include, but not limited to; a vast printing house that sells printing service to almost all the privately owned newspapers; Al-Ahram Center for Strategic Studies, Al-Ahram Canadian University and Al-Ahram Advertising Agency.

The researcher didn’t manage to conduct an interview with the chairman of Al-Ahram, but quarter of the board; 3 elected and appointed members who represent three different sectors; were interviewed, as previously explained.

Despite the hugeness of the organization, the case study shows that Al-Ahram is operated in a primitive administrative way that lacks good corporate governance mechanisms.
Conceptual Framework

The topic of this study is full of controversies as shown in the literature review section. Controversies were reflected as well in the experts and practitioners interviews that showed different perceptions regarding the role of the SOPIs and the role of the BODs. Hence setting a solid conceptual framework to the study was a necessity that helped in deciding among wide range of variables. The conceptual framework is mainly composed of the selected theories and approaches; and the key concepts definitions.

A- Theories and Approaches

1- Ownership Theories

The academic and policy debate on state-owned media is endless. Some scholars, politicians, experts and practitioners see public media as the government’s solution to rescue the society from information monopoly and capitalists domination over media, while others believe that public media is not a mean for undermining capitalists’ domination but on the contrary they see it as a disguised mean for regimes political sovereignty. Both sides have their academic, historical, and political as well as economic proves and justifications and each group leans upon a theory.

Public Interest Theory versus Public Choice Theory

When it comes to media ownership there are two main conflicting theories; The Public interest theory versus the public choice theory.
The Public Interest Theory (Pigouvian Theory):

Many studies were done mainly by political scientists and economists to explain the public interest theory, however no consensus was reached and there is still a wide range of varying interpretations to the theory. This variance is stemming from the difference in definitions of what the public interest is (sammte, 2011). The “public interest” is a term that can be defined in several ways (IESS, 1968). The “Public Interest” is mostly defined against what is called “the Selfish interest” (Business Dictionary, 2015) or “Self-Interest” (IESS, 1968). From this point the debate starts; the word “Public” should be inclusive to the whole society (IFAC, 2012) and this how the Public Interest theory supporters define it; however other groups see that the Public Interest is a cosmetic term used by politicians to promote policies that are for their own “self-interest”. In economics, the public interest theory considers government regulation as the instrument to overcome the imperfect market (Hertog, 1999), on assumption that markets act inefficiently if left alone (Ponser, 1974).

State-owned media, according to this theory is acknowledged, provided that information is a public good and private media serves the governing classes while state media will provide more neutral and precise information to the public (Begoyan, 2009).

This argument about media ownership has started by the BBC management in defense to their monopoly of the British broadcast, then was transferred to other countries (Djankov, Mcliesh, Menova, & Shleifer, 2003)

The Public Choice Theory

Unlike the public interest theory, public choice theory conceives that state owns media to prevent citizens from making informed decisions by information manipulation. This theory
supposes that private media provides citizens with divergent set of views and gives equal chances for all political opponents with fewer worries from unethical dominators. This is how public choice theory defines competitive media and considers this as the only way for settling democracy (Djankov, McLiesh, Menova, & Shleifer, 2003).

**The selected theory**

This thesis is concerned with the Egyptian national press that is defined by the 2014 constitution of the Arab Republic of Egypt as state-owned press; hence the theoretical framework of this paper is based on the support of public media presence.

As Ponser relates the main problem of the theory to its lack of legislative mechanism (Ponser, 1974), our application to the public interest theory is conditioned by the application of a good institutional governance system that achieves the needed reforms and organizational development.

Provided that the significance of the term “public interest” is normative rather than analytical (Iessen, 1968), our theory selection is conditioned, as well by the presence of public media in a competitive media market that has an equal opportunity for the private sector, the thing that means partial implication of the “public choice theory”. This can be implemented when public media constitutes a minor share of the industry and this can be realized by minimizing investment limitations in the media industry and by making media a safe industry for interested investors (Kassem, 2015)
The public choice approach meant rejecting all the opinions that are against state-owned media; however the criticism driven by this group was taken into consideration while adapting the proposed corporate governance index (CGI) as it aimed at getting rid of usage of SOPIs as a political tool in the hands of the governing regimes. The Public choice approach as well urged the researcher take the OECD corporate governance codes for state owned enterprises (SOE) s as a main guiding reference, rather than that of the private sector. Added to this, the BBC was sometimes taken as the principal model among the other selected media firms models, because BBC puts the public purpose as its main target. Consequently the term “Corporatization” rather than “Privatization” was chosen to describe the aim of this study which is corporatization of state-owned press institutions.

2- Corporate Governance Theories

There are several theories in corporate governance, some of them are conflicting and others can be regarded as complementary, and usually the governance system of a corporate is a hybrid system that comprises two theories or more.

The Agency Theory versus the Stewardship Theory

The Agency Theory

The debate on corporate governance dates back to the 1930s, when Adolf Berle and Gardiner Means published their book, "The Modern Corporation and Private Property". They indicated the negative consequences of ownership and control separation that result in dispersion in ownership
that does not have a proper chance to oversee the executive board efficiently. Berle and Means’s ideas were developed until were formulated in the 1970s in a theory known as The Agency Theory (Roberts, 2015).

The agency theory stands for the notion that the corporate managers will not work for the benefits of the shareholders, but will opt for their own benefit and prefer their self interest to the shareholders’ interest (Fauziah & Yusoff, 2012). The corporate that takes the agency theory as a reference to their governance system will probably have on their board of directors a CEO with a separate mandate than the chairman, as well as a large number of non-executive directors (Donaldson & Davis, 1991).

The Stewardship Theory

The “stewardship theory” holds that managers can act as independent stewards on the company that runs under their control. Donaldson and Davis developed this theory (1991 & 1993) as a new means for reframing the relationship between management and ownership (Pastoriza & Ariño, 2008).

Unlike the “agency theory” that takes an economic approach to management, the “stewardship theory” is influenced by sociological and psychological approaches (Davis, Schoorman, & Donald, 1997). This theory assumes that interests of both managers and owners can be aligned together and denies any conflict of interest between them as far as a right governance mechanism is maintained (Pastoriza & Ariño, 2008).

Thus the structures that are based on the stewardship notion are structures that focus on facilitation and empowerment more than monitoring and controlling (Davis, Schoorman, &
Donald, 1997, p. 26). Implication of “stewardship theory” supports CEO duality; i.e. the chief executive officer plays the role of the chair as well. Stewardship based governance practitioners believe that CEO duality leads to higher return to shareholders.

**The Selected Theory**

Before selecting the approaches of this study, we needed to ask first what are the commonly applied approaches and theories. There might not be clear set of approaches that are currently applied in an organized manner, but we needed to observe and describe the currently applied systems. The internal governing system of SOPIs in Egypt can’t be described as a governance system, but if we are to name an applied theory or approach to the current system we can describe it as stewardship approach rather than agent approach.

It is observed as stewardship oriented system as none of the state-owned organizations has a chief executive officer (CEO) or independent directors on its BODs. Added to this is The SOPIs general assembly composition. General assembly in the private sector is supposed to comprise the shareholders, but in SOPIs it is composed of elected and appointed journalists and administrative employees. This all indicates a strong occurrence of the stewardship approach.

Before deciding upon the study approach, two questions are posed: The first question; is the current system successful? The answer is no, given the financial as well as credibility situation of National newspapers in Egypt. The second question is; is the stewardship approach the reason for the national press failure? A scientific answer for this question is beyond the scope of this paper, however, as a rule of thumb we can claim that it is part of the problem and this claim is
supported by the experts and practitioners statements as most of our interviewed experts put a
blame on the governing system as will be shown in later sections.

From this point, the aim of this study is not to terminate the stewardship approach
completely, but to start applying the agency approach, gradually and whenever possible.

Selecting the stakeholder approach, this study rejects defining the objective of state-owned
media as promoting the state’s policies and suggests governance indicators that urge defining
ownership policies that consider the state as an owner only one stakeholder among other
stakeholders that the board of directors needs to satisfy.

**The Shareholder versus the Stakeholder Theories**

**The Shareholder Theory**

This theory opposes the notion of business benevolence claimed in what the private sector
calls “corporate social responsibility”. Martin Friedman, the father of the shareholder theory
believes that businesses obligation is limited to profit maximization excluding all moral or social
responsibility aims (Clorado University, 2015).

According to this theory, a corporate is an artificial person that can’t have responsibilities as
responsibilities are only carried by real human beings (Friedman, 1970). This theory complies
with the agent theory as, given that the corporate targets are limited to profit, the corporate
executive is directly liable to his employers and is responsible to run the corporate according to
their desires that will most probably be to achieve the maximum profit (Friedman, 1970).
Shareholder approach was called by its opponents, an intellectual fantasy. Although the shareholder theory was the new Bible of business that was adopted by businessmen, economists as well as politicians, a decline in its returns uncovered another face to its notion as seen by some analysts.

It was criticized for considering the corporate executive as employee of the shareholders, while according to the law the corporate executive is an employee of the corporation. According to theory critiques the shareholder approach resulted in explosion in CEO compensation and decline in corporate performance and shareholders profit consequently (Denning, 2013).

The Stakeholder Theory

Critics of the shareholder approach stand for its opposing alternative, the stakeholder theory. It argues that corporate performance betters when a governance system is applied to balance between diverse stakeholders interests (Waldkirch, 2008).

The stakeholder theory is defined by its creator Edward Freeman as the success path for any business by benefiting all stakeholders, employees, owners, clients, societies, and other stakeholders. It stands for the notion that looking at the stakes of each party, separately, is a wrongdoing, because the interest of all of them should be treated together to go in one direction (Freeman, 2009)

Critics of the stakeholder theory describe it as paradoxical. Their argument is based on the management fiduciary to multi stakeholders, suggesting that this can be solved by the managers’ performance of duties to all stakeholders and limiting the fiduciary duties to the shareholders only (Goodpaster, 1991)
The Selected Theory

If we are to name the currently applied approach for state owned press governance, it will be the shareholder approach, because as it is shown in the problem definition section, the owner, which is the state, is the fundamental actor within these institutions that proved lack independence.

The new enacted constitution states that SOPIs are independent. This gives a chance for a new approach to be genuinely applied, which is the stakeholder approach. Most of media experts as well as practitioners support this approach.

Selecting the stakeholder approach, this study rejects defining the objective of state-owned media as promoting the state’s policies and suggests governance indicators that urge defining ownership policies that consider the state as an owner only one stakeholder among other stakeholders that the board of directors needs to satisfy.

The currently prevailing approach in the management system of SOPIs tends towards the stewardship theory; and since this study adopts incrementalism in policy making, it does not suggest adopting the agency theory all of a sudden. The stewardship theory accordingly will not be completely rejected; however its application will be accompanied by gradual application to the agency approach as practically a good effective and efficient governance system comprises several theories (Fauziah & Yusoff, 2012).

This hybrid selection is based on the fact that there are no executives who are purely stewards or purely agents, but every person acts with some degree of benevolence and some degree of self-interest (Pastoriza & Ariño, 2008)
Based on this a stakeholder theory is selected while considering the state as the owner one of the multiple stakeholders.

**B- Operational Definitions of Key Concepts**

There are several perceptions and interpretations to the key concepts used in this study; it is therefore useful to identify the definitions that best describe the purpose of their utilization. The selection of these definitions is made with respect to the adopted theories and governance approaches.

1- **Corporatization**

It is the practice of reorganizing state owned firms to resonate the structure of a publically owned corporation. The restructuring of the state organization is generally not publicly traded as the state is the only shareholder (Business Dictionary).

The researcher rejected the definitions that considered corporatization a mean for turning state-owned firms into publicly traded corporation, although this might be one of the consequences or suggested solutions for SOPIs problems, but it is not the main target of the proposed CGI.

2- **Corporate Governance**
Corporate governance is the procedures and processes according to which an organization is directed and controlled. The CG structure identifies the distribution of rights and responsibilities among the different actors in the organization – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making.

This definition is proposed by the European Central Bank and adopted by the OECD. As the study adopts the stakeholder approach, it rejected all the definitions that limit CG as the process of organizing the relationship between board of directors and shareholders.

3- State-Owned Media

State-owned media are all the media firms that the state owns solely while practicing its ownership rights through an independent body to keep the media objectivity.

This broad definition is conducted by the researcher, as until this moment there is no consensus among media experts and academics about the objectives of state-owned media. It is therefore recommended for a wide discussion to take place among the society and the elites to define the objectives of state owned media to be capable of putting a more precise definition.

iv. Findings: The Proposed Corporate Governance Index and Application to Al-Ahram

Privatization of State Owned Press Institutions (SOPI) has always been a suggested solution for the devastating problem of SOPIs. However, the current context doesn’t show any
intension for privatizing the SOPIs. According to the media expert and publisher, Hisham Kassem, SOPIs can’t be privatized right now, because the brands are dead (Kassem, 2015). It is therefore the notion on which the CGI is proposed is that corporatization of SOPIs could be an alternative answer. Corporatization is a method of applying the corporate system of the private sector to public enterprises instead of privatizing them (Wei, 2002), walking in the steps of the BBC that has a published protocol under the title of “Incorporation of the BBC” (British Department for Culture, Media and Sport, 2006).

By analyzing the Corporate Governance (CG) documents of the British Broadcast Corporation (BBC), The Washington Post Company (WPC), The Guardian Media Group (GMG), The New York Times Company (NYTC), and Thomson Reuters Corporation; as well as the OECD code for state owned enterprises (SOEs) and the Egypt code for CG, 46 CG indicators were proposed. By discussing them with experts and relating them to the SOPIs context, they were narrowed down to 27 indicators. The selected indicators are divided according to 5 dimensions: 1) Board Composition and Operation 2) Strategic planning and policy making 3) Transparency and disclosure 4) Code of Conduct 5) Audit
First Dimension: Board Composition and Operation
1. Presence of Corporate Governance Committee
2. Explicit BOD Mandate
3. Explained CEO and Chairman Offices Policies
4. Inclusion of Independent Directors in the BOD
5. Effective Board Size Boards
6. Term limit Policies
7. Specified qualifications for directors selection
8. Board dismissal policies
9. Supervision, communication and access mechanisms
10. Regularity of Meetings
11. Effective BOD committees
12. Transparent nomination process of board members

Second Dimension: Strategic Planning & policy making
13. Adoption of Strategic plan
15. Clear Ownership Policies
16. Board succession plan
17. Continuing education opportunities for directors
18. Competitive BOD Compensations
19. Value creation for all stakeholders
20. Clear SOP stated mission
21. Clear corporate governance approach

Third Dimension: Transparency and disclosure
22. Information Provision to Board Members
23. SOPI disclosure policies

Fourth Dimension: Code of Conduct
24. BOD Conflict of Interest
25. Policy Code of Business conduct

Fifth Dimension: Evaluation and audit
26. BOD Effective Evaluation
27. Internal Audit Independence
Indicators selection and validation

The steps introduced by an IFC study to build a successful corporate governance index, are taken as a reference for building the adapted CGI. The steps included; Consulting experts, putting objectives, choosing an approach, putting criteria that are different that the standard criteria and developing the index (IFC, 2013).

Analysis of the corporate governance documents of media firms resulted in 46 indicators that were narrowed down to 27 indicators.

Indicators selection and validation was based according to the SOPIs nature, context and targets. Some indicators were combined together as one indicator like the board’s authority to review and amend governance, and the existence of a governance committee, as the existence of a board committee that is responsible of reviewing and assessing the governance system within the SOPI means indirectly board’s authority to review and amend governance. Other indicators weren’t suitable for the SOPIs nature and context, like policies of holding shares among directors, the things that can’t be applied to SOPIs; and availability of Trust Principals, as in SOPIs there is no Trust. The indicator of “Identified dedication degree to board membership” was omitted as well, because still SOPIs don’t even have independent directors, therefore this indicator might be added later on after a fundamental change takes place.
Application to Al-Ahram

The indicators are used to assess Al-Ahram SOPI.

Al-Ahram National Press Institution is selected because it is regarded as the biggest State owned press institution in Egypt. It was founded in 1876 as a private organization and remained privately owned until it was nationalized in 1960. Al-Ahram produces 28 publications that range between daily, weekly, monthly and quarterly. It comprises 1700 journalists. Al-Ahram is almost the only NPI that makes consistent profit. It was financially affected after the 25th of January uprising, however still the annual advertising revenue exceeds one billion pounds (Ibrahim E. , 2015) which is suggested to be the highest among NPIs.

Al-Ahram comprises a number of entities that include, but not limited to; a vast printing house that sells printing service to almost all the privately owned newspapers; Al-Ahram Center for Strategic Studies and Al-Ahram Canadian University. Despite the hugeness of the organization, Al-Ahram is operated in a primitive administrative way that lacks efficiency.

An Assessment to Al-Ahram board of directors is provided here, against the 27 adapted indicators. The assessment is based on three in depth interviews with three of the board members, which is almost quarter of the board members: Mohammad Yaser Farahat, Al-Ahram General Manager and an appointed board member, Ezzat Ibrahim, Al-Ahram editorial manager and appointed board member and Mohammad Galal, an elected board member representing the labor.
First Dimension: Board Composition and Operation

Indicator 1: Presence of Corporate Governance Committee

A- Description:

Applying corporate governance system to public entities in Egypt and to SOPIs, in specific, isn’t common. An important guarantee to maintaining the new system and developing it when needed is to have a corporate governance committee among the organizational committees. The mandate of this committee differs from corporate to corporate and from country to country, and some corporations don’t have it; however it is vital for the SOPIs.

One of the main features that corporate governance systems should be characterized with is flexibility and self-adjustment with the aim of reaching the planned targets; i.e. to be result oriented. Having an internal committee in charge of over viewing governance mechanisms application and periodically suggesting the needed changes in the corporate governance rules accordingly, fulfills this self-adjustment requirement.

One of the first corporate governance committees was an external committee that was established upon the recommendation of Sir Adrian Cadbury and Greenbury committees (1995). The role of this committee was to review the implementation of their pioneering corporate governance findings and to make sure that the real targets are achieved (Hampel, January 1998, pp. 1,8).

Many corporate have this committee internally. Honeywell corporation for example has a committee called “Corporate Governance and Responsibility Committee”, that is responsible for reviewing the governance charter annually and recommending the needed changes (Honeywell, 60.
According to the IFC, the role of the committee is to assess the governance performance of the board of directors (IFC, 2010).

Many media corporations as well include this committee. In Thomson Reuters Corporation there is a corporate governance committee in charge of reviewing the corporate governance guidelines and recommends changes, accordingly. It helps the board to review the effectiveness of its committees and of its own self on annual basis. Mandate of this committee in Reuters comprises evaluating the need for new directors as well as indicating the skills and competencies that the board of directors should possess. (Thomson Reuters, 2014).

This committee plays different roles in other corporations; the most popular is the nomination of new directors, to make sure they are selected in compliance with the corporate governance rules and guidelines. It recommends candidates for directors’ vacancies and determines the need for independent directors, as well (IFC, 2010).

The same pattern takes place in some media corporations; In the Guardian, the nomination committee is composed of all the non-executive directors and it recommends the board members selections and ensures that the agreed upon corporate plans regarding new appointments on the directors and management levels, are in place (Guardian Media Group, 2012). In the British Broadcast Corporation (BBC) the board can’t make any new appointments, except those proposed by the nomination committee and approved by the Trust. Like the Guardian the committee is composed of a majority of non-executive and chaired by one of them (British Department for Culture, Media and Sport, 2006). In Reuters as well, the mandate of the corporate governance committee comprises wide range of responsibilities; it is in charge of recommending board candidates and re-nomination, it determines whether it is appropriate or not.
for a director to remain on board after changing his or her main occupation. It is responsible of preparing a board succession plan according to the shareholders interests. It recommends to the board the members of other committees. Added to this, the corporate governance committee reviews the directors’ reimbursement expenses on periodical basis as well as ensuring that the needed procedures are taken to provide directors with suitable opportunities for continuing education (Thomson Reuters, 2014).

**B- Indicator Application in Egypt:**

Applying this to state-owned entities is of no difference; according to the OECD guidelines of state-owned enterprises (SOE); the boards of SOEs can establish a nominations committee to be in charge of co-operation with the ownership body in the board of directors’ nomination (OECD, 2005). Nothing in the national press institutions laws and regulations prevents establishing such a committee; the board of directors has the right to establish any supporting committee when needed (Ibrahim E., 2015).

**C- Application to Al-Ahram**

There isn’t any applied corporate governance system inside Al-Ahram, therefore there such a committee does not exist.

**D- Recommendations**

- It is highly recommended to establish a governance and nomination committee as soon as a corporate governance system is applied to the SOPIs, because the system will need to get regular modifications and a separate body will be needed to maintain the system in an effective manner.

**Indicator2: Explicit BOD Mandate**
A- Description:

In order to understand the behavior of a company and set its regulating policies, recognizing the role of the board of directors is important (Adams, Hermalin, & Weisbach, 2008, p. 44). It is therefore an essential requirement for good corporate governance to have a written chart with the BOD duties and responsibilities. The boards of SOEs should be appointed with a clear mandate, a mandate to translate its responsibility for the performance of the company (OECD, 2005, p. 47). These responsibilities should be stated in the governmental legislations and official regulations, the charter of the company and in the ownership policy (OECD, 2005, p. 47).

All the well established media corporate have a clear mandate for their BOD, written among their corporate governance guidelines. In Thomson Reuters, the BOD mandate determines its responsibility for overseeing the effective operation of the corporate governance system. Its major responsibility is to supervise the company’s business management while ensuring creating a value for all shareholders and keeping a fair reporting system to all of them as well as to the interested parties. Reuters BOD role is to maintain internal control over financial and disclosure procedures. As in to meet its duties, the Reuters governance chart states some responsibilities that include, and are not limited to appointing and supervising the chief executive officer and senior management, risk management, strategic planning, financial reporting, approvals of annual budgets and financial statements, periodical review of corporate disclosure policies and governance approach, and establishing the needed committees and setting their charters and delegation statements. It sets as well the evaluation process for the board and its committees and reviews their compensation plans and it arranges for all the meetings of all directors and committees to be held as scheduled (Thomson Reuters , 2014).
The Washington Post Company defines the role of its BOD as the ultimate decision making body of the corporate that is in charge of overseeing all its activities for the sake of building shareholder value on the long term. Its decisions comprise, but are not limited to choosing the senior management members and supervising them while assuring that the Washington Post Company has the proper executive management (Washington Post Company, 2004). While The New York Times Company states that the main responsibility of its BOD is to make its business judgment according to what the board members believe is the best for the company and its stockholders (The New York Times Company, 2014). The Guardian Media Group is more result oriented in defining the responsibilities of its board; as it states that it is collectively responsible of the long term success of the company. BOD description is stated under the title “Leadership” in the corporate governance guidelines that is provided to the investors, and leadership determinants and requirements are reflected in describing the rest of the BOD duties that comprise entrepreneurial leadership. It states the importance of setting clear boundaries between the decisions that must be taken by the BOD and those that can be delegated to the management (Guardian Media Group, 2014)

The BBC has a system that can be described as a dual board system as it is run through two boards that are both public interest oriented due to the BBC ownership type. The two boards are the BBC Trust and the Executive Board. Main roles of each board are stated clearly and in detail within the BBC governance disclosed documents. According to these documents, the two boards have different mandates. The Trust is the guardian of the public interest that gives the direction for the strategic planning including its priorities as well as overseeing the executive work. Its responsibility for taking care of the public interest is interpreted into a lot of minor consequent
duties, one of which is overseeing the license fee revenue that is paid by the public who are the main beneficiaries of the BBC service (British Department for Culture, Media and Sport, 2006).

**B- Indicator Application in Egypt**

This indicator is satisfied to an extent in the SOPIs regulations of Egypt; The assignment letters for both the chairman and the editor in chief describe the mandate of each of them (Rizk, 2015), this is beside the general mandate stated by the press laws. Article 50 of the 1996 law states that the BOD mandate comprises putting the general policies of the institution, managing its treasury and putting its investments plans, taking all the decisions and procedures, issuing the human resources regulation and reporting them to the Supreme council as well as reporting the general budget. The SOPIs, boards are responsible, as well for overseeing the chairman suggestions regarding decisions related to the editorial staff, the general assembly or the Supreme council that will be replaced by the NPO. It is in charge of periodical following up on the institutional activity (Press Law 96 of 1996).

Based on the previously mentioned, the current press laws comply with the good corporate governance requirement of clear BOD mandate; however more needs to be done for the mandate to be effective as it stumbles over many obstacles. The obstacles include the gap between the regulations and implementation as in some SOPIs the BOD meetings are cosmetic and decisions are solely taken by the chairman (Hany, 2015). A second obstacle is the intersection between the BOD and the general assembly. The general assembly plays a supervisory role that it shouldn’t play (Elgallad, 2015).
According to the Code of Corporate Governance of the Egyptian Stock Market, the general assembly is the assembly that constitutes all the shareholders (Egypt Code of Corporate Governance, 2005). Giving the authority of the owners to an assembly constituted of employees leads to a problem as it is completely against what should be done (Elgallad, 2015).

As boards of SOEs must carry out their duties according to the enterprise objectives (OECD, 2005, p. 48), and as the chairman mandate should comprise achieving the goals that are set annually (Rizk, 2015), each NPI needs to set a separate and more detailed mandate of its BOD. This mandate should be assessed and regularly updated.

C- Application to Al-Ahram

Al-Ahram should abide by the board mandate that is identified by the press laws, but the BOD does not have a specified mandate that is developed by its members. Same thing regarding the chairman’s mandate, as no written internal mandate other than that stated by the law.

Although all board members should act as one body, Al-Ahram chairman acts solely on many aspects, some are according to the regulations and some are not. The chairman only receives the internal auditor’s reports and he sends them on his own to the external concerned entities (Farahat, 2015) without providing the board with these reports (Galal, 2015).

Although the whole board should be responsible for its decisions, but in some times no voting takes place in board meetings on topics that are considered settled, voting takes place only when there is a disagreement (Ibrahim E., 2015). Most of the decisions taken by the board are those that the chairman favors, it rarely happens that the board votes on an answer that the chairman disapproves of (Galal, 2015).
There is an evident gap between the law and its implementation, as for example according to the 1996 law (article 66) the editor in chief is responsible of putting the editorial policies according to the general policies that are made by the board, however in Al-Ahram, the board doesn’t discuss anything related to the editorial policies due to the sensitivities between the chairman and the editor in chief (Ibrahim E., 2015).

D- Recommendations

- The law needs to modify its definition to the mandate of the BOD, according to what is taking place on the real ground.
- There should be mechanisms to guarantee implementation of the mandate that is stated by the law
- Policies are needed to guarantee that the right voting process takes place inside the BOD and that the BOD decisions are those of the majority of the members not only of the chairman.
- Every SOPI should have an internal mandate for its SOP, according to its objectives that its board members agreed upon.

Indicator3: Explained CEO and Chairman Offices Policies

A- Description:

The separation between the chief executive officer (CEO) and the chairman positions has been a matter of debate. The decision in this regards is still a controversy in publicly traded companies and among shareholders and BODs. Many corporate governance general codes require an explanation of the board structure of the company with regards
to reasons of separating or not separating the positions of the chairman and CEO.

(Tonello, 2013)

Media firms don’t hold onto a unified policy regarding the CEO and chairman positions separation. The policies of The Guardian Media Group state clearly the distinction between the role of the CEO and that of the chairman with written separate duties that is agreed on by the board (Guardian Media Group, 2012). Thomson Reuters maintain the CEO position as well (Thomson Reuters, 2014). On the other side, the New York Times Company does not have a certain policy regarding this issue as its board believes that policies should be flexible and decision is to be taken according to the circumstances (The New York Times Company, 2014). The BBC approves the existence of the CEO position, but under the name of the director general of the BBC who is an executive member in the executive board and might be its chairman (British Department for Culture, Media and Sport, 2006)

B- Indicator Application in Egypt

The position of the CEO does not exist in any of the SOPIs structures. SOPIs only have a general manager who does executive work, but he can’t be considered a CEO. The job of the general manager is limited to executing the chairman’s orders and decisions, and he might not even be a board member, if he hasn’t got elected or appointed by the chairman (Elgallad, 2015). And the Egyptian code of corporate governance does not use the term “CEO”, however it tackles the importance of separating the chairman position from the managing director, and in case of not separating them an explanation should be made and a non-executive vice-president should be designated (Egypt Code of Corporate Governance, 2005).
The questions of separating the CEO and the chairman positions in press institutions doesn’t have a model answer, it depends on the available calibers and the organizational nature of the institution, even in privately owned press companies in Egypt there isn’t a unified pattern (Kassem, 2015). More importantly is having a specified chain of commands to the chairman and whoever works with him, whether a CEO or a Vice chairman (Hamzawi, 2015).

C- Application to Al-Ahram

Al-Ahram SOPI board does not comprise a CEO or any close position as a vice chairman, or managing director. There is only a general manager who can’t by any means be considered a CEO or vice chair and the chairman is not obligated to appoint him on the BOD (Ibrahim E. , 2015) (Farahat, 2015).

D- Recommendations

- In fulfillment of this indicator, it is recommended to conduct studies on the need of our SOPIs to having the position of CEO, or not and to determine whether a unified policy is to be set for all the institutions or it is preferred for every institution’s board to make its decisions independently according to its set goals and targets.

- The adopted agency governance approach should be considered here, as it strongly supports the separation between the CEO and the chairman.

- Selected policies in this regards need to be explained to the owner’s representative and other stakeholders and it should be disclosed to the public.

- After deciding upon the SOPIs policies in this regard, an exit door needs to be set.. Because corporate governance policies might get changed by practice.
And it is useful to refer here that the BBC CEO who is called the director general as previously mentioned, may also be the editor-in-chief of the corporation (British Department for Culture, Media and Sport, 2006), which adds another suggestion for our institutions, that is practicing the CEO role by the editor in chief. On the other side, it is common for the publisher to be the CEO at the same time (Kassem, 2015)

**Indicator 4: Inclusion of Independent Directors in the BOD**

A- Description:

For the past two decades, the inclusion of independent directors on BODs has been the golden given of modern corporate governance (Wheeler, 2013). Directors’ independence mainly means independence of the executive arm of the corporate as independent directors are expected to act as trustees of the shareholders (EY, 2015). The corporate governance code of Singapore describes independent directors as the strong element on the board that is capable of practicing objective judgment; it adds that an independent director shouldn’t have any relationship with the company or any of its employees as his main role is to monitor the corporate policies, checks its strategy and calls for information whenever needed to complete the missing parts in the picture (Singapore Institute of Directors, 2007)

Most of the corporate governance codes agree on the importance of the inclusion of independent directors in the BODs, the code of Singapore states that not less than one third of the BOD should be independent, while a company like the Guardian life insurance company states in its corporate governance charter that not less than two thirds of its BOD should be independent directors as well as all the committees (Guardian, 2015)
Most of the well established media entities apply the rule, even those who have exection rights according to the corporate governance codes of their countries. The Thomson Reuters Company governance rules state that its board believes that independent directors should comprise at least half of the BOD, affirming that the Company is best served and the shareholders interests are safeguarded by a BOD that acts independently of management (Thomson Reuters, 2014).

According to the Guardian Media Group governance rules, a senior independent director should be chosen by the board, that should comprise a mixture of executive and independent non-executive directors aiming to have at least half of the board members of the non-executive directors, to protect the board from any group domination that may negatively affect its decision making (Guardian Media Group, 2013, pp. 3,4).

Despite its exemption from this requirement on the grounds that it is a controlled company, The Washington Post states in its governance documents that the majority of the directors who comprise the company’s board are independent (Washington Post Company, 2004), as an implication that shows the importance of this requirement as a major indicator for good corporate governance.

According to the BBC charter, the corporation Trust acts separately from its executive board as they are prohibited from acting together as a single body on any of the corporation functions. Although the BBC Trust enjoys the independence needed for being capable of best serving the public interest and safeguarding the rights of the license fee payers, who are among the main stakeholders for the public media entity; however the charter doesn’t consider this enough in compliance with the independent director requirements, as it adds that the executive board
should comprise independent non-executive directors as well. The number of the non-executive directors on the executive board, according to the charter, should not be less than one third and not equal to or more than one half of the board (British Department for Culture, Media and Sport, 2006)

**B- Indicator Application in Egypt:**

Applying this corporate governance requirement is not the only guarantee to ending corruption (Wheeler, 2013), however it is an important requirement that makes the process easier. State-owned entities are not apart from this.

According to the OECD, SOEs should have a sufficient number of independent non-executive board members; it suggests hiring them from the private sector (OECD, 2005, pp. 49,50). And The Egyptian corporate governance code states that the BOD should comprise a majority of non-executive directors with a variant range of skills (Egypt Code of Corporate Governance, 2005).

Nothing in the current press laws prevent the existence of independent, non-executive directors in the BOD s, however the current laws application can never result in a satisfying number of independent directors. The 1996 law states that the BOD of the national press institution should be composed of six elected employees and six appointed, given that four of them should be from the institution (Press Law 96 of 1996 ). This means that the chance of having directors who are independent from the management and from the press institution is limited to two directors. Akhbar Elyoum for example has one independent director and 12 executive non-independent directors who belong to the management, while its general assembly comprises more independent members (Rizk, 2015). The media expert, Hisham Kassem, says that the majority of the board members should be non-executives (Kassem, 2015). However A
stumbling rock in front of the satisfaction of this indicator is the lack of efficient calibers. The chairman of Akhbar El-youm institution refers the composition of the BOD from a vast majority of executives to the need of putting the best calibers in both the top management and on the BOD (Rizk, 2015). It is therefore, in order to satisfy this indicator, a change in the press laws is needed.

C- Application to Al-Ahram:

All members of Al-Ahram board are executives; none of the BOD is independent (Galal, 2015). It is not eligible to appoint board members from outside the institution (Farahat, 2015). The needed expertise can be compensated by hiring consultants and advisors, as the chairmen has the full authority to so (Galal, 2015). Independent members, as public figures and intellectuals can be appointed on the general assembly, but not on the board (Ibrahim E., 2015).

This system makes Al-Ahram very far from complying with this CG indicator

D- Recommendations

- The law needs to be flexible enough to let each SOPI board decide upon its need to independent directors.
- Research needs to be conducted to identify the minimum and maximum numbers of independent directors needed on the SOPIs boards.
- Independent directors need to be selected upon the need of each SOPI to certain expertise and qualifications, selection shouldn’t be made haphazardly.
- Reasons for selecting each independent director should be disclosed to the owner’s representative and other stakeholders.
- All of this can’t be achieved without periodically defined targets.
Indicator 5: Effective Board Size (Effective board size determinants)

A- Description:

The board size differs from a corporate to another, while determinants of the ideal size have been an issue of debate by scholars as well as practitioners. Different results were reached by both; however they agreed on the important role that the board size plays as it affects the BOD incentives as well as the board effectiveness (Raheja, 2005).

There is no universal agreement on the optimum size of a board of directors (Investopedia staff, 2003); however media entities make sure to reach an optimal sized board. The Thomson Reuters company governance documents state that the board currently thinks that its optimal size should range between 14 to 16 members in order to achieve effective decision making process and for the sake of effectively functioning committees (Thomson Reuters, 2014).

The usage of the statement “the board currently thinks” by The Reuters company, means that board size rules are subjected to change maybe according to changing circumstances, like new added objectives or as a result of assessment results that might advise to increase or decrease the board size. This is evident as well in the Washington Post Company as the board contains 11 members; however the company ensures the authority of the board, according to the governing ruled, to change its size whenever it thinks that change is needed (Washington Post Company, 2004).

The BBC charter states the same, as the executive board size should be determined by the board itself and approved by the Trust, while abiding by the general rules of having a minimum number of 4 independent directors (British Department for Culture, Media and Sport, 2006).
Unlike the previously mentioned media firms, the Guardian Media Group states that the board comprises 11 directors including the chairman, without a mention to anything related to flexibility in changing this board size (Guardian Media Group, 2012).

B- Indicator Application in Egypt

Experience shows that the smaller the BOD gets the more effective their strategic discussions get (OECD, 2005, p. 52). According to the OECD, SOEs boards should evaluate the board size effectiveness regularly (OECD, 2005, p. 48).

All of the previously mentioned models, statements and rules indicate the importance of setting a suitable board size for effective corporate governance, but they indicate at the same time that this is something to be decided by each firm separately.

The Egyptian press laws identify a unified board size for SOPIs which is 13 including the chairman (Press Law 96 of 1996).

C- Application to Al-Ahram

The interviewed board members agreed that the board size that is identified by law is suitable and effective.

D- Recommendations

- In order to comply with this indicator the press laws need to leave the board size decision to the SOPIs board members
- Periodical assessment to the board size should take place
- Each SOPI should have the flexibility of changing its board size according to the periodical evaluation results.
- Reasons for Board size determination should be explained in details to the ownership entity (owner’s representative) and other stakeholders as well as in the publicly disclosed annual reports.

Indicator 6: Boards Term limit Policies

A- Description:

A term limit policy identifies the maximum number of consecutive terms a board member can serve. Only 40% of public boards in the United States have term limit policies (Association of Governing Boards). Identifying a term limit for directors reenergize the BOD with new and fresh blood and lessens the probability of groups domination over the BOD decisions (Moyers, 2011), however keeping term limits policies might ruin the memory of the place and makes the company lose important calibers (Association of Governing Boards).

Media firms don’t agree on a unified policy regarding BODs term limits as some media firms set limits and some don’t.

The Thomson Reuters board does not hold onto putting any term limits to its directors as all directors assignment is endured until decided otherwise by the shareholders or until their resignation. Reuters’ governance rules do not set a mandatory retirement age for its directors, on the notion that sending its board members on retirement deprives the company of the persons who contributed to its success, development and strategy (Thomson Reuters, 2014). While the
Washington Post company sets a retirement age of 75 years old, while ensuring that no limits are set for the number of terms (Washington Post Company, 2004).

The BBC governance system is different than all the previously mentioned systems, as the term limits of the chairman, vice-chairman and Trust member shall be specified in the appointment order, however the specified appointment period should not exceed 5 years and after the appointment period ends, they can be re-appointed to any further period that does not exceed 5 years (British Department for Culture, Media and Sport, 2006)

B- Indicator Application in Egypt

In SOPIs there the term for the chairman and other members is 4 years, re-appointment can take place for unlimited times.

The 1996 press law (article 61) states that the retirement age of any of the employees of the national press institutions, including the chairman and BODs is 60 years, however the shura council, that is currently replaced by the SPC, can approve the extension of the retirement age of the chairmen and the editors in chief year by year until the age of 65 maximum (Press Law 96 of 1996 ). The newly proposed press law states the age of 65 as a retirement age for journalists only (Hany, 2015). The current press law states that board membership term is 4 years that can be renewed (Press Law 96 of 1996 ).

According to the Egyptian code of corporate governance, the term of an executive board member must not be more than 3 years; otherwise reasons should be explained to the general assembly (Press Law 96 of 1996 ).

C- Application in Al-Ahram
SOPIs board members term limit is 4 years. Being state owned makes Al-Ahram incapable of changing this. But the exceptional situation that took place in the last four years lead to changing the appointed board members more than 6 times due to changes in chairmen who are changed with the change in presidency, as previously explained in the problem definition section.

Every new chairman uses his right to appoint 6 members in his board, so he terminates the board members who were appointed by the preceding chairman. (Galal, 2015).

D- Recommendations

- According to the previously mentioned, there are term limit policies in the current governing laws of national press; however these policies need to be revisited.
- Deep studies need to be made to determine whether it is beneficial for the SOPIs to have term limitations and fixed retirement age for their BODs or not.
- It is recommended to set term number limitations to the chairman and appointed board members; while exceptions should be approved by the board members and the ownership entity (the owner’s representative).

Indicator 7: Specified qualifications for directors selection

A- Description:

Good corporate governance begins from the top. Accordingly it is important that companies have directors with the appropriate skills (USCIB, 2015). Finding the directors with the required skills is critical in a competitive business (PWC, 2013), as investors (or owners) make sure that the directors constituting the board are qualified for risk management and for strategic decisions (Nili, 2015 ). According to the OECD guidelines on corporate governance for state owned
enterprises, the nomination of SOE boards should depend on a wide range of set skills, experience and competencies (OECD, 2005, pp. 29,30).

Same applies to media corporate. Most media corporate governance rules stipulate the importance of putting precise qualifications and skills for directors and updating these requirements periodically, based on annual assessments as well as the media corporate new objectives and strategies. The Guardian Media Group states in its corporate governance guidelines that the nomination committee should write a detailed description of the required qualifications and capabilities for new appointed directors; and this is based on previous evaluations to the board. And As a general requirement, the ability of sufficient time dedication is a main thing (Guardian Media Group, 2013). On their annual report, the Guardian Media group should assure the possession of the company directors of a wide range of experiences in business and relevant fields (Guardian Media Group, 2014). In the New York Times as well, the nominating and governance committee is assigned to review the directors’ requisite skills on annual basis with regards to the company’s purpose, values and mission (The New York Times Company, 2014). The NYTC doesn’t put hard limitations for its nominating committee, as it only requires the new director to be at least 18 years old and at least one board director should be a US citizen and NY resident (NYTC Board Of Directors, 1988). These broad requirements put the entire burden on the nomination committee. Thomson Reuters corporate as well puts broad lines to the committee, its governance guidelines state that recommendations should be based on business experience, integrity, previous achievements and the skills and talents that the committee thinks are needed and sufficient time dedication is a must (Thomson Reuters, 2014). The Washington Post company underlines the importance of high personal ethics, integrity, as well as designing the board requirements while taking into consideration the importance of
achieving diversity; while asserting on acting on all of this within the board needs. (Washington Post Company, 2004).

The public purpose of the BBC has an effect on its description of the required qualifications in directors; it states that every board member should have knowledge of the culture and characteristics and affairs of the people in the nation, assuring the importance of the director’s closeness to the public opinion in that nation (British Department for Culture, Media and Sport, 2006).

B- Indicator Application in Egypt:

The Egyptian press laws and regulations don’t contain any statement concerning the skills or qualifications that should be realized in the SOPIs board of directors. The law only set a representation scheme to the board members; as article (64) in the 1996 press law states that the BOD consists of six of the institution employees, two to represent the journalists, two to represent the administrative employees and two to represent the labors (Press Law 96 of 1996).

Among the major problems of selecting the BOD members in Egyptian press institutions is that the selection of the chairman himself lacks any definite criteria, the selection has always been a kind of a political reward, the thing that resulted in many chairmen who lack any managerial knowledge and skills (Kassem, 2015).

The SPC did not disclose any clear criteria regarding its last appointments to the BOD chairmen of national press institutions (Alahram Al-Arabi, 2013). Every chairman selects the appointed BOD members according to his own criteria that he is not asked to declare.

C- Application to Al-Ahram:
No specified qualifications are identified for the appointed board members and the reasons for their selection aren’t explained. Regarding the elected members, they are only identified by their representation as there is a representing quota for each of the journalists, administrative employees and labors without any further identified requirements (Ibrahim E. , 2015).

The currently appointed board members include the editor in chief of Al-Ahram Hebdo, the managing director of Al-Ahram advertising agency and Al-Ahram general manager, the managing editor. It is beyond the scope of this study to make individual assessment to each board member, but regarding their resumes they appear to be strong calibers, however requirements and needed qualifications should be developed regarding each director and selection reasons must be explained. Therefore it can be concluded that al-Ahram is far away from fulfilling this indicator.

D- Recommendations
- In order to satisfy this indicator, the suggested governance and nomination committee should be made and put into effect.
- Before establishing the new committee, clear criteria and procedures need to be identified (Kassem, 2015).
- Setting these criteria must be driven by the need of professional management (Hamzawi, 2015).
- It is recommended to think of different specializations and qualifications that modern management and competitiveness require (Kassem, 2015).
- As technology is becoming the backbone of any industry, and by the widespread of social media as one of the most important platforms for the press; we should seek directors with digital skills (PWC, 2013).
- While identifying the needed criteria for directors, many factors should be taken into Consideration; development stage of the institution (Tonello, 2013), the assessment of the board that is currently in charge and the long term strategy of the institution (OECD, 2005, pp. 29,30).

**Indicator 8: Board dismissal policies**

**A- Description:**

It is the right of shareholders, or the owning entity to decide upon dismissing a director from the BOD, however this should be put under clear regulations that are disclosed to the director before he starts his appointment, and in some companies, before he gets appointed or elected.

In the Thomson Reuters Company a director has to resign if he didn’t receive a majority of the shareholders votes on any of their meetings. The director’s resignation is to be approved by the board as well in order to get effective. The governance committee starts to make its recommendation for the replacement as soon as the board declares its acceptance to the resignation. The resigning director is not to attend any of the meetings of the BOD or the governance committee that decides upon his resignation. The board has the right to refuse the resignation as far as it explains the reasons in the news release that is sent to the Toronto Stock Exchange (Thomson Reuters, 2014)
Policies in the New York Times Company are concerned with different circumstances in which the board director might be subjected to termination. Nominees for BODs have to accept in advance to resign if he or she got his place on the BOD through an uncontested election process. The director has to resign voluntarily from the BOD when he either retires or changes his or her main position. The company’s governance guidelines assert that all the previous does not mean that a director has to resign in all of these circumstances, but he should be willing to resign if he was asked to (The New York Times Company, 2014).

The BBC charter states the conditions on which a trust member be terminated from office. These conditions comprise the end of his or her appointment period, resigning, or if the Council terminated his appointment due to; becoming bankrupt, granted a trust deed for his creditors or if proven to have a mental illness admitted by hospital according to the governing regulations regarding mental illness. Many other reasons and termination policies are enlisted by the BBC charter that ensures that all these conditions apply for chairman and vice chairman as well as normal members. (British Department for Culture, Media and Sport, 2006)

B- Indicator Application in Egypt

The OECD principles state that BOD termination and retirement provisions should be disclosed to the public (OECD, 2005, p. 49). According to the Egyptian press legislations, resignations of BODs and General assembly members are to be raised to the board to make its decision after discussion within the concerned committee and introducing a report and the shura council. The chairman of Akhbar Al-Youm says such an action never took place; however the General Assembly sometimes threatens to do so (Rizk, 2015).
Resignations of the chairman and the editor in chief are to be raised to the director of the Supreme Council. Resignations are not to be enacted until approved by the concerned body (Implementing Regulations of the Press Law, 1996). Office termination of BODs is not limited to resignations, but the general assembly has the right to withdraw confidence from the BOD. Its confidence withdrawal is to be raised to the SPC (Press Law 96 of 1996).

The new proposed draft law states that the general assembly has the right to withdraw confidence from the BOD and raises the issue with an explanation to the NPO (Negm, 2015).

The current legislations don’t state specific reasons for a director or chairman office termination, other than those reasons mentioned for office termination for all employees. This can be seen as a positive thing, as it leaves a space for the internal regulations of each press institution to state its own policies in this regards.

C- Application to Al-Ahram

While conducting this study, Al-Ahram BOD was facing a controversial problem regarding the dismissal of an elected board member. The elected board member was accused of fraud and forgery. Although his fraud acts were uncovered, the BOD witnessed an aggressive debate regarding their right to dismiss him or not. Some members claimed that it is not the right of the board to take such a decision and suggested referring the whole case to the Supreme Press Council as the owner’s representative while others asserted on the BOD right to dismiss this member (Galal, 2015). The debate that lasted for several meetings ended up in dismissing the board member from the whole institution (Ibrahim E., 2015).
This debate that took place among the board members shows the absence of clear policies regarding board members dismissals even in severe cases of breaking the law, as the provided example.

This case showed as well the absence of the SPC role as the representative of the owner. As it didn’t play any role, or interfere by any means, but the entire case was between the BOD and the press syndicate which reveals the cosmetic role of the Supreme Press Council (Ibrahim E., 2015).

This is an example of traditional administrative deficiencies that negatively affect the BOD work in SOPIs.

D- Recommendations

- It is recommended that internal regulations should state reasons for dismissing a board member. These reasons should not be limited to retirement or committing crimes but a board member should be dismissed if he or she fails to achieve certain targets.

- It is recommended as well for this authority to be practiced by the BOD itself and by the NPO as a representative of the owner.

- Al-Ahram SOPI should have clear policies regarding board members dismissals reasons and procedures. New board members should be informed with these policies before they start their membership.

- The new laws need to be flexible and need to ensure the effectiveness of the new ownership entity’s role in this aspect.
Indicator 9: Supervision, communication and access mechanisms

A- Description:

An effective supervision mechanism is an essential requirement for a company (LI & Yashuang, 2002). The board of directors is the most popular supervisory mechanism for (Dehaene, De Vuyst, & Ooghe, 2001).

The major responsibility of The Thomson Reuters BOD is to supervise the business management of the company (Thomson Reuters, 2014). In the BBC there is a detailed mechanism explanation of the trust supervision over the executive board and that of the executive board over the senior management. The BBC charter explains how the Trust can maintain its dependence from the executive board and have effective communication mechanisms at the same time as it states that the Trust is the sovereign body in the BBC and the executive board is required to act upon what it sees as compatible with the Trust’s vision (British Department for Culture, Media and Sport, 2006). The BBC charter and governance documents put this supervision in action in terms of clear communication mechanisms. The Trust has set a framework for assessing executive board’s proposals and approving them. There are clear and detailed communication mechanisms between the BBC staff with both, the Trust and the executive board. (British Department for Culture, Media and Sport, 2006).

Governance of the Washington Post sets an example in access mechanisms as it provides complete access of board to management members. According to its mechanisms directors are encouraged to raise any concerns with management without any mediator (Thomson Reuters, 2014). The Washington Post sets its mechanisms as well to make it easy for BODs to have an access to officers and employees (Washington Post Company, 2004).
B- Indicator Application in Egypt

The National Press management in Egypt faces a major problem, by having intersecting and conflicting mandates and communication mechanisms between the editorial board and the BOD. The conflict starts from the point of appointment, as the BOD does not appoint the editor-in-chief, but both the editor in chief and the chairman are appointed by the same body which is currently the supreme press council. According to the 1996 press law, the BOD puts the editorial policies; however there isn’t any supervision mechanism to support this statement and the norm is that the BOD does not interfere within any editorial aspect. Despite the confirmation of the editors in chief that chairmen don’t interfere within the editorial issues, the law refers a number of decisions regarding the journalists to the chairman, the most important of them is approving the new hiring, although hiring journalists includes editorial assessment. And usually BODs don’t have any access to journalists who are the main creators of the institution’s product.

C- Application to Al-Ahram

Supposedly any board member has the right to ask for making an investigation with any of the upper management, but his request should be approved first by the chairman, but, however dealing with the top management at Al-Ahram is almost limited to the chairman and the general manager and not extended to the rest of the board (Ibrahim E., 2015). Putting the BOD decisions in action is the responsibility of the general manager (Farahat, 2015). Board members of Al-Ahram don’t have any access mechanisms to the management and managers are not used to dealing directly with board members and feel intimidated if it happened (Galal, 2015). Ezzat Ibrahim says that he decides from time to time to deal with some of the senior managers on specific topics on his own (Ibrahim E., 2015), while Mohammad Galal says that he asked for the approval of the chairman once
to do this and the managers were offended by his investigative questions and raised a concern to the board (Galal, 2015).

D- Recommendations

- Access to senior management shouldn’t be limited to chairman, but access mechanisms should be adopted for board members interaction with senior managers,
- It is recommended to state clear job description based on modern management for the BOD, the editorial board and senior management.
- Clear Work Flow needs to be agreed upon by the board members.
- This work flow should draw clear communication, supervision and access mechanisms within the SOPI.
- The work flow should be disclosed and explained on special sessions to all the concerned parties.
- Feedback on the workflow should be collected regularly and assessment should take place, accordingly to make sure that the work flow is retaining its effective mechanisms and benefiting all the actors, and more importantly benefiting the SOPI.

Indicator 10: Regularity of Meetings

A- Description:

Meetings are a fundamental mechanism for putting all the CG system and regulations into action. Media firms CG guidelines contain many statements regarding meetings policies. We will refer here to three media CG models in this regard.
In Thomson Reuters, board meetings get scheduled in advance through the year beside the irregular meetings that directors might be invited to. It is the role of the board to arrange meetings for the non-executive directors without the attendance of executives and the same for independent directors, on regular basis. Those who have authority to call for meetings, in Reuters, are the chairman, Deputy Chairman, CEO or any two directors. Reuters puts guidelines for committees meetings as well as putting rules for setting the meetings’ agenda. Reuters CG guidelines comprise explanations for small details concerning meetings, as who to attend, who is not to attend and who has the authority to lead each meeting, the thing that shows the importance of meetings in the life of a corporate. The guidelines explain as well the obligation of each director to attend all the meetings he is asked to attend; even if he can’t attend physically he should participate through telephone or internet (Thomson Reuters, 2014).

The Washington Post Company model is more flexible regarding its committees meetings, as its CG guidelines state that each committee is responsible for determining its meetings frequency and agenda according to the committee mandate. However, it sets more precise guidelines regarding the BOD’s meetings, like who sets the agenda, and non-management directors meetings (Washington Post Company, 2004).

The BBC sets guidelines regarding its Trust meetings and the executive board meetings. Like Thomson Reuters, it allows participation in meetings through telephone or internet (British Department for Culture, Media and Sport, 2006)

B- Indicator Application in Egypt

The Current Egyptian press laws comply with this indicator to an extent, as they state that the general assembly should have at least one annual meeting (article 44), the BOD must hold a
meeting at least once every month and an unscheduled meeting can be held upon the request of one third of the members, but still the chairman should call for it. Minutes of BODs meetings should be sent to the Supreme Council (Implementing Regulations of the Press Law, 1996).

But still the press law statements regarding the meetings issue are too general, while more precise and detailed regulations regarding the meetings and the attendance obligations of directors should be provided.

C- Application to Al-Ahram

Board meetings at Al-Ahram are regular. They take place once every month (Galal, 2015) and sometimes twice a month (Ibrahim E., 2015). A good system takes place regarding setting the meeting agenda as each board member has the right to add a topic to the agenda before the meeting. And at the beginning of each meeting a paper with the minutes of meeting of the last meeting is distributed (Ibrahim E., 2015). Members who can’t attend the meeting must introduce an accepted reason (Galal, 2015). These procedures make Al-Ahram completely fulfill this indicator.

D- Recommendations

- It is recommended for SOPIs to comply with the rules provided by the Egypt Code of CG, as it states rules regarding setting the meeting’s agenda and the needed documents that should be attached to the topics of the meeting with the general assembly (the ownership body). According to the same code names of the members who did not attend the board or the committees meetings should be disclosed in the annual report (Egypt Code of Corporate Governance, 2005).
Indicator 11: Effective BOD committees

A- Description:

An effective board necessarily needs effective committees. Committees are very important in the decision making process in many corporate. The chairman of every board has a vital leadership role and the committee should be provided with high quality information (FRC, 2011).

Three media models are selected to reflect their policies regarding keeping effective committees, The Guardian Media Group, the BBC and Thomson Reuters. In the Guardian, evaluation is an essential tool in assuring committees effectiveness. Another tool is that the Guardian governance guidelines ensures the importance of writing details of the purposes of each committee as well as the terms of reference, and these terms are not for good, but they get reviewed and modified on annual basis (Guardian Media Group, 2014). In Reuters the board carries out its responsibilities through its committees. Each committee has a specific charter and is headed by an independent chair who has a specific position description. In order to ensure committees effective performance, committees’ charters are reviewed by the governance committee and by the board (Thomson Reuters, 2014). Committees in the BBC play a vital role as the BBC Trust, that is considered the highest governing level of the corporation, delegates certain functions that include decision taking. The executive board, as well, delegates some of its functions to its committees including decision taking (British Department for Culture, Media and Sport, 2006)

B- Indicator Application in Egypt
BODs in SOPIs don’t often practice their roles through committees. Most of the committees mentioned in the currently used press laws are temporary ones as a committee for preparing the estimated annual budget or a committee for taking decisions regarding a specific tender and very few committees with a fixed role like the purchasing committee (article 15) (Organizational Regulations of NPIs).

C- Application to Al-Ahram

Absence of board committees is one of the fundamental organizational problems at Al-Ahram as it leads to a much less effective board. Only temporary committees are formed based on the request of the chairman to carry limited assignments and most of the committees are cosmetic, this causes great efforts to result in little progress (Galal, 2015). Al-Ahram board suffers from centralization and committees aren’t formed almost except on emergencies (Ibrahim E. , 2015).

D- Recommendations

- It is recommended that committees should play a fundamental role in SOPIs boards.
- New Press laws need to reflect this important need, as well as the internal regulations of each SOPI.
- Committees’ effectiveness must be insured, especially in big organizations like Al-Ahram or Akhbar Al-youm where BOD can’t function effectively without organized effective committees. Among the tools of ensuring effectiveness of committees is regular feedback (appendix 3)
Indicator 12: Transparent nomination process of board members

A- Description:

In the private sector, board members should be nominated through a transparent process by the shareholders and it must be clarified that they have to work for the good of the whole company not for those who nominated them (OECD, 2005, p. 49).

All of the media firms that are studied in this thesis conduct the nomination process through the nomination committee (discussed in indicator 2). We will refer in this regards to the model of the Guardian Media Group. The Nomination Committee of the GMG makes its recommendations to the directors’ vacant seats against objective criteria. Most of the members of the committee should be independent (Guardian Media Group, 2013). The CG papers of the GMG state that there should be a transparent procedure for selecting new board directors and diversity must be realized including gender diversity. External search consultancy might be used, but this external consultancy should be identified on the company’s website while clarifying if there it has any other connection with the company (Guardian Media Group, 2014).

B- Indicator Application in Egypt

The internal system, as well as the legislative framework of SOPIs, complies with this indicator regarding the nominated board directors. Half the BODs are selected through secret ballot. Nominations are based on representation system; as two members are elected by and represent the journalists; two members are elected by and represent the administrative and two for the labor (Press Law 96 of 1996). Elections take place under the supervision of the Supreme Elections Committee and the Supreme Press Council. But on the other side the selection process
of the 6 board members that are appointed by the Supreme Press Council, upon the recommendation of the SOPI chairman, need reconsideration. On the other side a better structured selection process for the 6 appointed board members is needed. It is recommended to select the six appointed board members through a nomination committee that makes its research and introduce its recommendations with attached explanations.

C- Application to Al-Ahram

Al-Ahram abides by all the transparent election process that are mentioned in the press laws, however In the last elections, the election door was opened for three days only and it should be more, but it happened due to irregular reasons (Galal, 2015)

Regarding the selection of the appointed board members, the chairman chooses them and raises his suggestion to the SPC to approve and it is now for sure that this process is nominal, because the SPC doesn’t play its role as the owning entity and approves all the suggested candidates. As a result of this board appointments are made by one person. It can’t be said that the procedures lack transparency, but they lack effectiveness.

D- Recommendations

- It is recommended that the names of the selected directors should be declared with the disclosed explanation of the selection.

- The NPO, that will replace the SPC, needs to make its decisions regarding approving new hiring based on studied reasons.
Second Dimension: Strategic Planning and Policy Making

Indicator 13: Clear Ownership Policies

A- Description:

A fundamental role of corporate governance is to organize the relationship between ownership and management (CFA Institute, 2013). This relationship definition includes ownership rights and board of directors (BOD) obligations towards shareholders in addition to ownership representatives.

All the studied media firms have clear ownership policies stated within their Corporate Governance (CG) documents. We will refer to one media model in this regards, which is the Thomson Reuters Corporation model. Reuters has a disclosed ownership statements that The Wooldridge Company Limited is the principal shareholder. It explains the ownership framework that the principal shareholder acts within as it identifies the aspects that the principal shareholder gets involved with in the corporation. These aspects include corporate governance, board effectiveness, CEO and senior management appointments and business strategy. Woodbridge ensures that its interests are aligned with those of other shareholders (Thomson Reuters, 2014)

B- Indicator Application in Egypt

The constitution of Egypt states that the National Press Institutions (NPIs) are state-owned (Constitution of Egypt, 2014). The current, temporary, Egyptian Press law states that NPIs are independent of the executive authority and of all political parties. It adds that the state owns the NPIs and the Shura Council practices the ownership rights (Article 55) (Press law 96 for the year 1996). The mandate of the General assembly as defined by the law comprises a set of roles that are usually practiced by shareholders or their representatives in the privately owned companies.
The general assembly is considered the owner’s representative (Rizk, 2015). The mandate of the Supreme press council that is stated in the Egyptian press law comprises, as well, another set of roles that are usually practiced by the shareholders or their representatives in the private sector.

As the Shura Council is cancelled, according to the new constitution, its ownership representation is delegated to the Supreme Press Council (SPC) on temporary basis until the National Press Organization (NPO) is established. This means that SOPIs will have more than one owner representative; the general assembly and the NPO.

According to the Egyptian Code of CG, the general assembly is the shareholders representative. This explains one of the fatal problems of SOPIs, which is lack of effective ownership policies, as the general assembly of SOPIs comprise employees and managers who represent their sectors, while the NPOIs employees are not the owners, the thing that ends up in the general assembly being a representative of the employees rather than of the owners (Elgallad, 2015).

**C- Application to Al-Ahram**

Al-Ahram National Press Institution is owned by the state; and the SPC temporarily acts on behalf of the owner, however the institution has independent internal regulations. Many situations reveal that the SPC doesn’t really play the role of the owner representative, but it works more as a facilitator or coordinator without any effective interference (Ibrahim E., 2015).

Although the state is the NPIs owner, however it doesn’t allocate significant budget for the sake of funding Al-Ahram. And providing some NPIs with some fund after the complicated financial situation was regarded as an exception (Farahat, 2015).
The problem of the general assembly mandate is its irrelevance to its members’ motivators. Board directors (BOD), especially the appointed ones, revealed an existing conflict between the BOD and the elected members of the general assembly. General assembly elected members are only motivated by getting elected and re-elected, he or she is in continuous conflict with the BOD without considering any administrative problems or hard financial situations (Farahat, 2015).

Therefore it can be concluded that, Al-Ahram lacks effective ownership policies that are capable of solving the conflict between the BOD and the general assembly and of putting the SPC authority into effect.

**D- Recommendations**

- Only one representative to the state as an owner must be identified
- Deep research needs to take place to identify the best representative for the state as an owner
- Clear Ownership policies are needed to organize the relationship between the state as an owner and the SOPI boards in a way that ensures the boards independence and at the same time delegates the ownership authorities to the right body.
- The ownership policies should be developed while taking into consideration that the state is one of multiple stake holders

**Indicator 14: Adoption of Strategic plan**

**A- Description:**
Putting strategic objectives is among the corporate governance determinants (ITE, 2008) it is the role of both, the BOD and the executives to contribute in the strategic planning of the company upon its benefit and the interest of the shareholders.

Putting a succession plan for both the BOD and the senior management that we previously mentioned is part of the strategic planning. The New York Times Company obligates both the senior management and the BOD to make sure short-term and long-term succession plans are taking place (The New York Times Company, 2014). In the Guardian the board is responsible for setting the strategic aims and the non-executive directors should help in producing proposals regarding the company strategy. In Thomson Reuters it is the role of the board to adopt a process for strategic planning (Thomson Reuters, 2014), The BBC charter makes it clear that the Trust is responsible of setting the strategic direction (British Department for Culture, Media and Sport, 2006)

**B- Indicator Application in Egypt**

Boards of state-owned enterprises should be qualified to practice strategic guidance (OECD, 2005). In the SOPIs there is annual financial planning, but not all of them have any strategic plans. Akhbar El-Youm is a model for an SOPI that introduces a short term and long term strategic plans. The chairman of Akhbar El-Youm introduced a strategic plan for the year 20/20. The plan discusses the change in Akhbar El-Youm roles and added services and media platforms to the SOPI; the 20/20 plan includes having Radio and TV platforms alongside the digital and print platforms (Rizk, 2015). But nothing obligates a chairman or board of directors of an SOPI to make a strategic plan. BOD makes the general budgets and
the general assembly approves it, but most of the time neither the budget setting nor the approvals is based on a clear strategy.

C- Application to Al-Ahram

There isn’t any disclosed strategic plan other than the annual budgeting plan that shows where the institution is heading to. But due to the confusion that Al-Ahram is suffering from since the 25th of January uprising, there aren’t any serious long-term strategies that take place, except for separate plans for specific topics, like long term plans regarding paper supply and Al-Ahram Canadian University (Ibrahim E., 2015).

It was noticed that some board members work individually on some strategic plans, but these efforts are not put into an organized work that ensures its effectiveness.

D- Recommendations

- It is highly recommended for the new press laws to obligate the boards of the SOPIs to develop long term strategies.

- These strategies need to be approved by the ownership entity.

- Evaluation of the BOD performance should be against what they achieved of these strategies.
Indicator 15: Risk Management Policies

A- Description:

Risk management is defined as knowing the risks, evaluating and prioritizing them (GARP, 2012), after the financial crisis corporate began to pay attention to risk management (OECD, 2014) because without risk management corporate may fail and the solution is in risk governance (GARP, 2012).

Not all media firms give due care to risk management and mention it among its governance rules and procedures. However, The Thomson Reuters board is obligated to ensure that a system is in place to know the main risks that threaten the business. They have to confirm as well that the suitable procedures are taken to manage these risks (Thomson Reuters, 2014). The BBC charter states that one of the Trust roles is to make sure that the executive board deals with the main risks (British Department for Culture, Media and Sport, 2006).

B- Indicator Application in Egypt

The accumulated debts on the SOPIs in Egypt and the dependence of most of it on grants from the government show that there wasn’t any risk management in these institutions. If the national press institutions were privately owned they would have declared going on bankruptcy. State owned press institutions are facing many risk that result from its deteriorating financial status, the increase of competition especially after the new constitution that makes issuing a privately owned newspaper much easier, they risk complete loss of credibility and brand value and many other risks.

C- Application to Al-Ahram
Risks are mentioned in the estimated annual budget that includes an official mention to risks like not being capable of collecting all the advertising revenue. (Ibrahim E., 2015)

D- Recommendations
- It is highly recommended that urgent risk management procedures should take place.
- Boards should be obligated by the ownership entity to introduce periodical risk management reports.
- Boards should be held accountable if the SOPIs faced problems that weren’t warned of in the risk management reports. Explanation should be introduced.

Indicator 16: Board succession plan

A- Description:

Succession planning is the company’s mechanism to safeguard its leadership and effectiveness. It means that a company should have a plan for those who will replace the main directors on the BOD. In order to be able to make a successful succession planning, it needs to determine who the employees who can be potential leaders, are. Determining them is not enough, but they should be prepared for the awaited roles. It should consider their experience, personality and leadership potentials (SHRM, 1969). Successful boards are those who invest in succession planning and dealing with it as a high priority by developing efficient board officers and committee chairs (Bader, 2012)

Not all media firms give a mention to the existence of a succession plan to its board, or mention who is responsible for preparing this plan, but some media firms do. Under a separate
section called “Succession Planning” the Thomson Reuters company states the responsibility of the company’s governance committee for keeping a board succession plan that are responsive to the company’s needs and to shareholders interests. It ensures that a process is taking place for providing succession for the CEO and other BODs (Thomson Reuters, 2014).

The Washington Post Company makes it mandatory for the CEO to send an annual report to the compensation committee regarding executive management succession planning and he is responsible as well for recommending his successor in case he gets disabled to for any reason to continue with performing his role (Washington Post Company, 2004).

The Board of the Guardian Media Group is required to ensure that a board succession plan is in place. A succession plan is required for the senior management as so as to ensure continuous refreshing of the Board (Guardian Media Group, 2012). Despite the importance of having an appropriate succession plan in action, the BBC charter does not mention any statements regarding this aspect, except that if the chairman office became vacant the vice-chairman will be the acting chairman until the appointment of a new chairman (British Department for Culture, Media and Sport, 2006).

**B- Indicator Application in Egypt**

The code of corporate governance of Egypt does not mention any requirements regarding having a succession plan for the board or the senior management; however press laws make a statement in this regards.

The statement of press laws can be described as succession procedures rather than a succession plan. The law defines the procedures that should be taken to fill in any BOD seat that gets vacant before the appointment end date; it states that in case that any seat in the BOD or the
editorial board or the general assembly gets vacant then the seat should be occupied by the same means that the former member occupied it within one month. Regarding the elected members the law states that the first runner up who got the second highest votes in the elections should take the vacant place (Implementing Regulations of the Press Law, 1996)

C- Application to Al-Ahram

There isn’t any developed succession plan rather than the traditional regulations in this regards as previously explained.

D- Recommendations

- In order to satisfy this indicator each SOPI should develop its board succession plan. The plan should include studied methods to develop the promising calibers and taking due care of the potential leaders in all departments.
- Talent programs need to be adopted by SOPIs to identify the most talented calibers.
- BOD should play an important role in this aspect as it should contribute in thinking about its own succession plan as this helps in maintaining competent Boards (OECD, 2005, p. 52).
- Internal regulations need to be developed to protect the picked talents from any manipulation as they might be threatening to the current board members.

Indicator 17: Competitive BOD Compensations (Remuneration + Reimbursement)

A- Description:

A corporate must offer enough compensation to captivate and keep the skilled directors (Larcker & Tayan, 2011). There is evidence on the positive relationship between remuneration and performance of the board director (Lee & Isa, 2015). The director should be compensated for
the time he spends on board matters as well as the cost of keeping a flexible schedule (Larcker & Tayan, 2011).

All media firms that have effective CG system have clear framework for remuneration and reimbursement for board members. We will drive three different media corporate models here, Thomson Reuters Corporation, The Washington Post Company and the BBC. The Reuters board is the body in charge of reviewing the directors’ compensation to affirm its appropriation for the directors’ responsibilities; they have to make sure the compensation value is competitive enough for attracting experienced, talented and committed board members. The CG Committee conducts periodical review on the BODs compensation among competitors (Thomson Reuters, 2014).

The Washington Post has different policies in this regards as it compensates only the non-employee directors and the full board determines the deserved amount of compensation (Washington Post Company, 2004).

Being a state-owned corporation, the BBC compensates its Trust members by a rate decided by the secretary of state. The BBC has a committee specialized only in remuneration (British Department for Culture, Media and Sport, 2006).

Media firms have reimbursement policies as well for directors, Thomson Reuters reimburses all directors for reasonable travel and for any expenses related to performing their roles on the board (Thomson Reuters, 2014). In the BBC, reimbursements are paid upon the secretary of state’s determination (British Department for Culture, Media and Sport, 2006).

**B- Indicator Application in Egypt**

According to the 1997 press law, the board has the authority to decide upon the remuneration for those who are in high positions in the institution (article 37), those who are in high positions
essentially include the board directors. The BOD decides upon the reimbursements as well for all the employees (Press Law 96 of 1996).

C- Application to Al-Ahram

Most of the board members see that they don’t need to get compensated for working on the board, especially those selected by elections, however they do get a compensation on the decision of the chairman (Farahat, 2015) (Galal, 2015).

D- Recommendations

- As this study adopts the agency theory gradually, it is recommended to maintain good compensation offer for the BOD, especially in the case of having independent directors, as the agency theory recommends determining the incentive compensation policies (Kang, Kumar, & Lee, 2996).

Indicator 18: Continuing education opportunities for directors

A- Description:

Although directors should be selected according to high criteria, continuous training remains an essential need. More corporate are encouraged to engage in board training programs (OECD, 2004). A corporate chairman has to agree with each board member about his training plan according to his or her needs and this should take place on regular basis (FRC, 2014).

In media we will refer to two corporate models that have training policies for their directors. The New York Times Company governance guidelines state that the corporate pays any reasonable expenses for an educational chance any director wants to have, NYTC calls this a continuous education program (The New York Times Company, 2014). In Thomson Reuters the
CG committee is in charge of making sure that procedures are taking place to provide BODs with suitable continuing education opportunities (Thomson Reuters, 2014).

B- Indicator Application in Egypt

The current press laws have general statements regarding training provision to SOPEs employees in general, without any reference to specific training or educational programs to the BODs. The 1996 law states that the BOD should put a system for sending employees on internal or external educational missions and for providing them with paid or unpaid educational vacations (article 72). The institution trains the employees on different levels and the BOD puts a system for training them and developing their capabilities (article 74). The law gives the chairman the right to approve employees training by specialized entities (article 75) (Press Law 96 of 1996).

It can therefore be concluded that nothing in the press laws prevent providing the BOD with training programs.

C- Application to Al-Ahram

Although approved by the law, the institution’s general manager said that he is not obligated to pay for the training of any of the board members pointing out to the possibility of getting accused of wasting public capital if he approved spending money on training the board members who are supposed to be highly trained and well educated (Farahat, 2015).
This shows that Al-Ahram is far away even from the existing press laws that give the right of training to all the employees of any kind, therefore Al-Ahram doesn’t fulfill this corporate governance indicator.

D- Recommendations

- It is recommended to issue new regulations that make BOD continuous training obligatory.
- Offering training opportunities need to be regulated in a way that does not result in a financial burden on the SOPIs that are already struggling of fatal financial problems (Amin, 2015).
- Regulations need to be developed to ensure that BOD comprises best calibers that deserve this investment (Kassem, 2015).

Indicator 19: Value creation for all stakeholders

A- Description:

The stakeholder theory holds upon the notion that the BOD should create an added value to all stakeholders and that value addition shouldn’t be limited to shareholders (Argandona, 2011). A good strategist must think carefully about how to create an added value for all stakeholders (UVA, 2010).

Not all media firms comply to the stakeholders theory when it comes to discussing the BOD added value. We will refer to four models in this regards; Thomson Reuters Corporation, The
Washington Post Company, The Guardian Media Group and the BBC. Reuters state that the main BOD responsibility is to supervise the business management with a view to value creation for all shareholders (Thomson Reuters, 2014). In The Washington Post the BOD is in charge of overseeing the company’s activities for the sake of building long-term shareholder value (Washington Post Company, 2004). On the other side, the Guardian is more stakeholder oriented as its BOD notion that applying CG principles is in the interest of all stakeholders (Guardian Media Group, 2012). The BBC, as a state media firm concentrates on satisfying the public purpose, as the BBC charter states that the Trust should do its duties in the public interest and particularly the interest of the license fee payers (British Department for Culture, Media and Sport, 2006).

B- Indicator Application in Egypt

It is out of question that SOPIs boards should work on value creation to all stakeholders, and that their role shouldn’t be limited to value creation to the owner i.e. the state. SOPIs boards should mainly work for satisfying the public purpose beside the owner and other stakeholders.

In order to fulfill this indicator, SOPIs stakeholders need to be identified first. SOPIs stakeholders include; SOPIs boards and employees, National Press Organization, press syndicate, Parliament, judiciary, non-governmental organizations, Universities and educational firms, cabinet, political parties and the President. These stakeholders were defined by the interviewed experts as well as the researcher.

C- Application to Al-Ahram

A consensus needs to be made first about who are the stakeholders then policies must take place to ensure their benefit.
D- Recommendations

- A deeper study is needed to help reach s consensus about identifying the stakeholders of SOPIs.
- It is recommended to develop a separate policy for each stakeholder to ensure that a value is added through efficient BOD practices and constant feedback mechanism.

Indicator 20: Clear SOP stated mission

A- Description:

The mission statement is a major indicator of how an organization sees the demands of its stakeholders (Hill & Jones, 2009, p. 28). It is therefore an important constituent of a good CG system.

All the studies media firms assert on the importance of maintaining the corporate mission as one of the viral BOD roles. Reuters, as an example assigns its board to establish the corporate mission and to maintain it (Thomson Reuters , 2014). The main model that we will refer to in this regards is the BBC model. The BBC Royal Charter states that the BBC mission is to inform, educate and entertain. It elaborates on this mission statement by explaining the BBC’s major and minor activities, means of service supply and means of promoting the public purpose (British Department for Culture, Media and Sport, 2006).

B- Indicator Application in Egypt

SOPIs don’t have any written mission statements.

C- Application to Al-Ahram
A trial took place to develop such a mission, however it wasn’t made (Galal, 2015). Al-Ahram needs to declare a mission statement that reflects its authenticity and public purpose orientation.

**D- Recommendations**

- It is therefore recommended that each SOPI board should be obligated, by law, to develop a mission statement for the institution.
- This statement is to be disclosed on the SOPI website with explanation to all its determinants.
- The board should ensure that the SOPI mission statement is realized.
- The periodical assessment to board activities should always take the mission statement into consideration.

**Indicator 21: Clear corporate governance approach**

**A- Description:**

There are a variant number of CG theoretical approaches, but when it comes to practice each company needs to have its own designed CG approach. Although the UK CG code, for example has a precise CG approach, it is advised that companies don’t have to abide by the provided approaches, but they can adopt another approach that is more suitable to their circumstances (FRC, 2010).
WE will refer to one media model in this regards, which is the Thomson Reuters corporate model. The CG guidelines state that it is the role of the board to develop Reuters approach to corporate governance, including developing suitable guidelines and principles that are tailored for Thomson Reuters (Thomson Reuters, 2014)

B- Indicator Application in Egypt

As discussed before in the theoretical and conceptual framework sections; SOPIs don’t apply CG dimensions, however if we are to name the currently applied governing system of SOPIs, we can call it the stewardship approach.

C- Application to Al-Ahram

When Al-Ahram gets corporatized by fulfilling the good corporate governance indicators, corporatization needs to take place according to a certain corporate governance approach decided by the BOD.

D- Recommendations

- It is therefore recommended that the boards of SOPIs should be responsible of setting the corporate governance approach.

- It is recommended also that the newly developed approaches should go towards the agency approach more than the stewardship, so that corporatization can have a better chance to get realized.

- Public interest approach is recommended and can be realized by ensuring the adoption of a stakeholder rather than shareholder approach.
Third Dimension: Transparency and Disclosure

Indicator 22: Information Provision to Board Members

A- Description:

Information flow is a key element for corporate success, as uninformed employees are more liable to being less effective and efficient. According to the (Great Boards Organization), information provision to directors should start before submitting the director’s name for nomination. The job description of the suggested director should be reviewed with him in full details and he should understand all the job requirements, especially the required time dedication. After the election, the report suggests that the newly elected director should have an initial orientation for not less than three hours. The orientation is about the board’s fiduciary duties, its major decisions, and meetings procedures, information about the organization; like its mission and values, budget, strategic plans. The orientation process, according to the same organization does not end by the orientation session, but this session is just a start as the organization believes the orientation process should continue for a year and the senior directors, like the CEO and chairman should be available to provide the new directors with any information they need to know about the organization or about their work benefits (Great Boards, 2004)

In Rosneft Oil Company, any new director should be provided with all the company’s internal documents within ten days only from his selection. Internal documents include the Charter, governing and supervisory body’s documents, the strategy, the risk management and internal
control system, and all other information needed by the director to do his work correctly (Rosneft Oil Company, 2014, p. 15). The FRC ensures the importance of the chairman role in ensuring that new directors had induction programs (FRC, 2011, p. 3).

Although the international media entities adopted good corporate governance systems at a later stage than many other businesses, however they adopt same rules as stated in their governance documents. In Thomson Reuters, new directors receive orientation documents that describe the entire governance structure of the corporate and its business (Thomson Reuters, 2014). In The Washington Post an orientation program is prepared for all new directors where they get the needed information presented to them by the senior management. So the informing flow here is down to top. The presented material include, but not limited to the plans of the company, code of business conduct, the main officers, the auditing system. (Washington Post Company, 2004). The chair of the Guardian Media Group, as well is entitled to make sure that new directors receive personal induction (Guardian Media Group, 2013, p. 6).

B- Indicator Application in Egypt

The importance of information provision to new board members is familiar to the private sector in Egypt, as the code of corporate governance of Egypt states that new board members should be provided with all the needed information and data as this will help them function at their fullest extent (Egypt Code of Corporate Governance, 2005); however the public sector is not familiar with this governance requirement, consequently SOPIs lack any rules or regulations to enforce information provision to new board members or provision of new information to all BODs.
C- Application to Al-Ahram

There aren’t any obligations on the chairman to provide his board members with the needed information and no policies are made in this regards. Information is provided gradually as by time board members have access to some previous reports and important documents, but nobody provides these things in the beginning (Ibrahim E., 2015). There is a struggle between the appointed and elected board members. Sometimes the elected board members aren’t welcomed and consequently they don’t get provided with information until they prove themselves to be good (Galal, 2015).

It is therefore concluded that Al-Ahram does not satisfy this indicator by any means.

D- Recommendations

- Internal regulations need to be enacted to allow any new board member to have access to archived BOD meetings documents.
- A board secretary needs to be hired and information provision should be among his or her main duties.
- The right to a new board director to orientation session should be enacted by the law.

Indicator 23: SOPI disclosure policies

A- Description:

Disclosure is important for good corporate governance because it is seen as very effective in encouraging new regulations that enhance corporate governance. Markets and investors need information to enable them to make the right investment decisions. It is therefore markets are at
their best when they are provided with information, enough for governance evaluation. The most important role that disclosure plays is helping in risk assessment (UNCAD, 2011).

Disclosure policies have the same importance in media firms, whether they are private or state-owned, in privately owned media firms disclosure policies focus on the access of shareholders to all the needed information while those of the state-owned media firms concentrate on disclosing information to the public who are the main beneficiaries of the provided service that should be aiming at serving the public purpose. The Thomson Reuters board is required to revise the disclosure policies on periodical basis and to make sure that they are taking place as planned (Thomson Reuters, 2014). Protocols of the BBC as a public media entity state that the BBC acquire high standards of transparency as information provision includes the executive board’s proposals that are made public (British Department for Culture, Media and Sport, 2006) the BBC is known for publishing the highlights of its board meetings on its website and they are accessible to everyone. The Washington Post discloses information on its website as well for both shareholders and the public, the disclosed material include the company’s annual report (Washington Post Company, 2004).

B- Indicator Application in Egypt

Credible and precise data about the Egyptian press industry in general and the state-owned press in specific are very rare, if existed. No one knows the real distribution numbers of the public as well as the private newspapers and there aren’t any precise data on their revenue, debts and losses. Although the 1996 press law makes the annual report of the newspaper circulation, obligatory, none of the newspapers publish its report. The state-owned press started the violation first and the privately owned newspapers followed in their steps (Kassem, 2015) (Elgallad, 2015). Minutes of BOD meetings can’t be disclosed to public, because this means revealing the
institutions plans to the competitors (Kassem, 2015) (Rizk, 2015). However, annual budgets should be disclosed (Kassem, 2015).

C- Application to Al-Ahram

Al-Ahram discloses some documents to the SPC among which are the minutes of meeting of the general assembly and the BOD. The documents include sound recordings and written texts. But no information gets disclosed to the public who are the main beneficiaries. Neither the annual budget nor the minutes of meetings get a public disclosure. The institution’s general manager does not see this as a mean of transparency as there are many other ways to ensure transparent, like the internal and external auditors (Farahat, 2015).

D- Recommendations

- Editorial policies of each state-owned newspaper must be published on the newspaper website or by any of the means that make them known to the public as well as to the National Press Organization and more importantly to the institution employees, as the editorial policies must change from a national newspaper to another (Hany, 2015)

- It is recommended to have clear explanations attached to the new press law, for the general disclosure policies that SOPIs need to follow to provide all the stakeholders with the needed information.

- The law articles that oblige newspapers to publish their annual reports must be put into effect.

- Achieving all of this requires identifying the stakeholders and the kind of information that each of them need for efficient functioning.
Fourth Dimension: Code of Conduct

Indicator 24: BOD Conflict of Interest Policy

A- Description:

Good Corporate Governance requires the existence of a clear conflict of interest policy to ensure that all BOD members work for the best interest of the company (Tenenbaum & LLP).

Regarding application of this CG dimension in media firms, we will refer to the model of Thomson Reuters Company. The CG guidelines of the company clearly state that each director is obligated to inform the board with any potential or current conflict of interest he may have with the company. The Guidelines go further by stating precise regulations regarding meetings attendance as any director who has conflict of interest in a subject that is reviewed by the committee or board, he or she is not allowed to attend this meeting, unless approved by the committee or board. One of the important conflict of interest rules in Reuters is that senior managers are not allowed to serve on a BOD of an organization that employs a director on the Reuters BOD (Thomson Reuters, 2014).

B- Indicator Application in Egypt

In state owned enterprises any director who has any current or potential conflict of interest issue should ensure reporting it to the board and the board has to disclose these issues and give information on how they are dealing with them (OECD, 2005).
There isn’t any direct regulation in the SOPIs legislations that fulfills this good CG requirement. At the same time there isn’t anything that prevents it.

C- Application to Al-Ahram

Like most SOPIs, Al-Ahram doesn’t have a clear statement about conflict of interest, however its by-laws contain some separate statements regarding this issue. Al-Ahram had suffered from conflict of interest represented in mixing between working as a journalist and advertising representative as well, but now firm actions are being taken to prevent any fees or compensations to any journalist in return of getting advertisements. Similar action regarding the journalists who work as consultants to their news sources, needed procedures were taken to prohibit this completely (Galal, 2015).

But still Al-Ahram lacks straightforward policies regarding conflict of interest, especially for board members.

D- Recommendations

- It is therefore recommended to have new laws that deal with SOPIs board conflict of interests.

- SOPIs Internal regulations are needed as well to set more detailed and precise rules regarding conflicts of interest in BODs. (Appendix 4)

Indicator 25: Code of Business conduct

A- Description:
A code of conduct or code of ethics is important for clarifying the values and principles of a corporation in relation to its professional conduct (ECI, 2009). Board Code of conduct is a relatively new concept, as BODs have been traditionally governed by a group of by-laws (Navran, 2002).

The studied media firms adopt business conduct codes; we will refer here to two models; Thomson Reuters Corporation and The New York Times Company. In Reuters, the board adopts what the CG guidelines call “Code of Business Conduct and Ethics”. Reuters doesn’t have a specific code for its board, but it expects all the employees to abide by the code. Any exceptions must be approved by the BOD or by one of its committees and it must be disclosed (Thomson Reuters, 2014). The New York Times has several policies disclosed on its website regarding ethics and business conduct. It has is a code of ethics for directors, a code of ethics for the Chairman, CEO, Vice Chairman and Senior Financial Officers and a business ethics policy. The code of the directors and that of the chairman, CEO, vice chairman and senior financial officers, both explain the core purpose of the company, regarding news quality and distribution. The directors code then states the responsibilities of the directors, then explains the ethical codes regarding the conflict of interests, dealing with the corporate opportunities, confidentiality, fair dealing, proper use of company assets, complains with laws, rules and regulations, reporting illegal or unethical behavior and insider trading and personal loans to executive officers or directors (The New York Times Company, 2003). The code that addresses the chairman and seniors, explains the rules of ethics regarding conflict of interests, abiding to disclosure policies, complying to governmental laws and reporting code violations. It is worth mentioning there is a compliance officer who is responsible the code implementation (The New York Times Company, 2003). The Business ethics policy tackles many aspects that contain and are not
limited to; the standard of conduct, conflict of interest, corporate opportunities, gifts and business courtesies, fair dealing, financial integrity, insider trading, loans and political contributions and activities. The policy contains clear rules regarding violation of policy consequences (The New York Times Company, 2014). The company has a handbook called “Ethical Journalism”. The handbook contains rules regarding the news practices (The New York Times, 2004).

**B- Indicator Application in Egypt**

The SOPIs in Egypt comply with the ethical code which addresses the ethics of journalism in all press organizations. This means that ethical codes in SOPIs are limited to those organizing the content, without any other solid business conduct.

**C- Application to Al-Ahram**

Al-Ahram doesn’t have any code for business conduct. Some separate decisions and laws address business conduct. As an example of this the board decision of stopping any new hiring and dismissing the trainees who have relatives in the institution to prevent nepotism. Although old regulations prevented hiring workers children, however exceptions were always made and now Al-Ahram board is getting these old regulations in action as a part of the business conduct (Ibrahim E., 2015).

In order to fulfill this indicator Al-Ahram needs to have clear code of business conduct.

**D- Recommendations**

- It recommended that SOPIs need to have business conduct code that is based on moder corporate governance attributes.
Fifth Dimension: Audit and Evaluation

Indicator 26: Internal Audit Independence

A- Description:

Internal audit plays a vital role in ensuring strong strategic risk management, CG and internal control (Policy Blog, 2014). The internal audit activity must be independent, and internal auditors have to perform their role objectively (Institutte of Internal Auditors). Media firms that apply good CG, internal audit plays a vital role in ensuring BODS effectiveness.

There should be firm regulations to guarantee internal audit independence and here we will refer to three media models in this regards; Thomson Reuters, The Washington Post and the BBC. But it is necessary to mentions that CG guidelines of these firms discuss the audit committees only that deal with the external auditors’ reports, without any mention to any internal audit department. In Thomson Reuters all the audit committee members must be independent and to ensure their independence, their compensation is limited to the committee and BOD normal fees, and they are prohibited from accepting any direct or indirect extra compensation fees from Thomson Reuters. (Thomson Reuters, 2014). The Washington Post Company has same exact rules and it adds some more restrictions like that none of the audit committee members can have a material relationship with the company (Washington Post Company, 2004). In the BBC the audit committee membership is limited to non-executive members (British Department for Culture, Media and Sport, 2006).

There should be clear criteria for selecting members of the audit committees and here we will refer to the New York Times model, they should be non-executives, more than one member
should have relevant experience (financially literate). It sets clear written policies and regulations regarding the internal audit committee meetings with the external auditors, company’s secretary and other concerned directors. The audit committee has a written mandate that includes, but not limited to, considering the subjects raised by the external auditor, reviewing the annual financial statement, oversight on the risk management, digital development and many internal monitoring activities (New York Times, 2014).

B- Indicator Application in Egypt

State Owned enterprises should have established procedures for their internal audits that report directly to the board and to the audit committee (OECD, 2005). According to the Egypt code of CG, an internal audit department is to be responsible of implementing the internal audit system. It should be managed by a full time manager who reports directly to the managing director and quarterly to the chairman (Egypt Code of Corporate Governance, 2005).

Unlike the privately owned press institutions in Egypt, SOPIs contain internal audit departments. Internal auditors are appointed and approved by the general assembly (Article 62). They report to the chairman (Article 5) (Press Law 96 of 1996). The legislative framework of SOPIs has a potential to fulfill this CG Indicator.

C- Application to Al-Ahram

There are two internal audit departments in Al-Ahram, a general sector that is in charge of monitoring the budget and spending and another sector that is in charge of justifying the spending procedures and reviews the needed approvals according to the internal and general regulations. These sectors have the full authority to ask for any data or documents disclosure. All internal auditors report directly to the chairman (Farahat, 2015).
In response to the corruption cases of Al-Ahram auditors ask for complicated procedures for any action to ensure it is legal, and this causes the institution to be slow and irresponsible. Quick procedures need to be taken and policies to be made to make the administrative process easier and faster inside Al-Ahram.

According to this information, it can be said that Al-Ahram fulfills this indicator to an extent.

**D- Recommendations**

- There should be declared restrictions to legislate the internal auditor’s independence from management, as some law articles state activities that should be done in co-ordination between management and the internal audit department like the obligation of the financial manager to approve the internal auditing programs (Organizational Regulations of NPIs) (Article 5), without any manifestation to the guarantees of practicing these recommendations independently.

- A research needs to take place to study the reasons of ineffectiveness of the internal audit of some SOPIs that witnessed corruption.

- Balance should be kept between internal audit effectiveness and responsiveness, as after the 25th of Jan uprising and after many corruption cases in SOPIs were uncovered, internal auditors and financial managers became scared the thing that lead to very slow procedures in all the SOPIs activities (Rizk, 2015).

- It is recommended as well to have an audit committee to help the board in putting the internal audit activities into a more effective stage.
Indicator 27: BOD Effective Evaluation

A- Description:

No significant improvement can take place on the organizational BOD or individual director without a proper board evaluation process (Kiel & Beck, 2006, p. 588). The evaluation mainly takes place on two levels, the people’s level and the process level (Osborne, 2008, p. 5). If the evaluation process wasn’t well implemented it can end up in a distrust among the BODs and between the BOD and the management (Kiel & Beck, 2006, p. 588). The US National association recommends procedures, by which BODs can self-evaluate themselves (Osborne, 2008, p. 3). Many consultants and corporate provide professionals with ready-made forms for BOD self-evaluation (Appendix 2).

Media corporations give due care to the BOD evaluation, here we will refer to two media models; The Washington Post Company and the Thomson Reuters Corporation. Reuters adopts the self-evaluation system as it is the role of the BOD to make an appropriate evaluation process for the board and its committees. Their introduced process should measure the effectiveness of the board and committees as a whole, but it is designed as well to introduce performance evaluation for each director and for the chairman, CEO and committees heads (Thomson Reuters, 2014). In the Washington Post Company, the evaluation is the responsibility of the compensation committee (Washington Post Company, 2004), which makes the evaluation directly connected with the reward. However this does not prevent the board self-evaluation that takes place on annual basis (Washington Post Company, 2004).
B- Indicator Application in Egypt

According to the OECD, the boards of SOEs should evaluate its own performance every year (OECD, 2005, p. 17); however nothing in the Egyptian code for CG gives a mention to the BOD evaluation, despite its great importance. The ownership body should be provided with all the sufficient data for evaluation and monitoring (OECD, 2005, p. 30).

In the Egyptian Press Laws, there are no direct obligations on the BOD, to conduct self assessment, or on the ownership body, to practice any consistent evaluation. The law statement is vague as it says that the chairman prepares an annual report concerning the institutions activities, the auditors’ reports and the institution replies to them must be attached, this annual report is to be introduced to the BOD then to the General Assembly then the SPC should be informed with the decisions (article 49) (Press Law 96 of 1996). As noticed, the word evaluation or any equivalent word isn’t used in the phrasing of the law.

Evaluation criteria are promised in the new press laws (Rashwan, 2015). The parliament should play a role in evaluation through periodical hearings and the BOD should be obligated to publish its balance sheet in order to be evaluated accordingly (Hamzawi, 2015). There should be an evaluation against innovation and assessment should not be limited to productivity (Kassem, 2015). Evaluation should be according to whether the board is meeting its benchmarks or not (Hamzawi, 2015)… There should be standardized evaluation criteria (Amin, 2015) and there should be a process to sort out any deviation from the stated mission (Hamzawi, 2015).

C- Application to Al-Ahram

There isn’t any proper evaluation mechanism to the individual board members effectiveness, nor to the whole board.
D- Recommendations

- In fulfillment to this indicator, it is recommended to obligate the BODs to have periodical self-evaluation process.
- BODs should be obliged to provide the ownership entity with all the documents it needs for evaluating the BOD, and more importantly to act upon this evaluation.
- The whole BOD should get evaluated and the performance of each board member must get an individual evaluation as well.
- The evaluation process needs supportive rules to guarantee its effectiveness as there must be solid results and changes made upon these evaluations.

Implementation Limitations and Index Reliability

Implementation of a good corporate governance index on SOPIs has so many limitations. The first limitation is the current bylaws that deal with SOPIs as traditional state-owned entities. These legislations are about to be replaced with new legislations, however if the news press laws are an adapted version of the current press laws, then a good corporate governance system can’t function within the system.

Second limitation is the lack of knowledge in this regards among SOPIs employees and managers, the thing that will require a longer period of time to educate people about this system and what they will benefit out of it.

The bureaucracy and inflated capacity of SOPIs and the protection of the press syndicate to the right of journalists for lifelong contracts and protecting any manager of board member from dismissal are stumbling rocks in front of attaining a modern governance system.
The absence of the political vision to the role of SOPIs in the development of the country and the lack of consensus among public figures and practitioners about the role of SOPIs make it difficult for the policy makers to put clear objectives to act upon.

Conclusion

The problem definitions of State Owned Press Institutions (SOPI) s should not be limited to the question of independence as the internal system of these institutions constitutes a fundamental part of the problem that can be solved by adopting a corporate governance (CG) system that organizes the relationship between the SOPIs boards and the owner. CG leads to more effective Board that is capable of effective decision making and problem solving.

There isn’t only one bench mark or a model answer to what constitutes a good corporate governance system. Therefore a model needs to be tailored for the State-Owned Press Institutions in Egypt; and after tailoring this model it should be subjected to a long process of trials and errors until the ideal model for the SOPIs context is realized. It is therefore an exit policy should always be present in the policy making process.

A Stakeholder rather than shareholder approach is adopted in this study and accordingly the state as the sole owner of the SOPIs is considered one of several stakeholders and the board of directors should work on adding value to all of them and more importantly to add value to the institution.
Among the main stumbling rocks in the way implementing a good CG system are the old-fashioned legislations and internal regulations that lack sufficient motivation to apply a good CG system as well as lacking any modern perspective to management and decision making.

SOPIs lack clear ownership policies as more than one body are identified as the owner’s representative, i.e. the general assembly and the Supreme Press Council (SPC), while a good CG system can’t take place within this duplication.

Although the law is clear about the SOPIs mandate, however each SOPI needs to have its separate internal mandate that is set by its board against the specific targets of the institution, the thing that is not realized in any of the SOPIs. This mandate should be regularly updated according to any changes in context or according to regular assessment.

A regular evaluation should take place as well to assess the board size effectiveness. Board size is indicated by the law, however these needs to be changed as every SOPI must decide upon the effective board size that is relative to its mandate and size.

Although the board nomination process is transparent, however the appointed board members should be selected in a more developed way, not through the sole decision of the chairman. The SPC approval is cosmetic, and the chairman’s selection is considered final. Applying corporate governance system suggests the existence of a nomination committee to be in charge of suggesting all the good calibers for the vacant directors’ seats. This committee’s selections should be based on the board’s requirements and the expertise needed to meet the SOPI set targets.

SOPIs lack any clear dismissal policies of board members,. Unless the board member commits a crime he or she can’t be dismissed until the end of his term. This necessarily
needs to be changed as board members should be subjected to dismissal at any time upon the board’s decision or the ownership entity. Each board member should be subjected to individual evaluation and if he or she was found out as not achieving the targets he was chosen for, then the member must be dismissed.

Many other changes need to take place as SOPIs need board succession plans rather than traditional board succession procedures. Legislations need to be changed to allow hiring a number of independent directors and board members should have access to senior management; access to senior management should not be limited to the chairman as the current situation.

Rules need to be set to guarantee that every new director will have access to information he needs to work effectively, as new board members in the currently applied system struggle until they get the needed knowledge.

SOPIs suffer from absence of implementation of any disclosure policies, as newspapers don’t disclose their annual budgets or their circulation numbers, although required by the law.

SOPIs suffer from the absence of many corporate governance mechanisms; like absence of long term strategic planning and risk management, absence of proper business code and clear conflict of interest policies.

The boards function in a centralized manner, mainly through the chairman while good corporate governance policies require delegating authority to committees. Most of the committees in SOPIs are cosmetic or formed for the sake of a limited purpose or project.

Al-Ahram Institution, despite being capable of maintaining self-funding until now, it is suffering from all the previously mentioned problems. The composition and on ground
mandate of its board of directors is very inefficient as well as being ineffective. I suffers from centralized decision making and operation management. It might have good calibers and some essential departments that the privately owned press institutions don’t have, however they are lead in a manner that wastes much of their value. Added to this, the absence in ownership policies is a source of an everlasting problem.

In order to be capable of adopting a good corporate governance system, the new awaited laws need to comprise major changes, and not only to be an adapted version of the current laws that proved their failure in satisfying the state owned press mandate.

General Policies and Recommendations:

- Deep Studies need to be conducted on the state as an owner (What are the most suitable ownership policies? And how to solve the duplication problem between the general assembly and the NPO?)

- Board members and senior managers of the state-owned press institutions need to get educated about the corporate governance discipline, maybe through business tours to the newspapers organizations that have success stories of good corporate governance. Boards of state owned press constitute good calibers that exert individual efforts for the sake of developing their institutions; these calibers can be a good ground for implanting the new approach in the press institutions; as major changes in legislations must be preceded by education and public opinion readiness.

- A study needs to be conducted on the gap between the SOPIs legislations and their application on the real ground.

- Consensus needs to be reached about SOPIs targets. Realistic targets must be identified.

- SOPIs stakeholders must be identified.
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138


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Appendices

Appendix 1

Questions to Experts and practitioners:

- Do you think we need to have state owned media?
- What the objectives of state owned press should be?
- What objectives are realized and what aren’t? Why?
- Do you think applying Corporate Governance system to state owned press institutions will make a change?
- In your opinion what should the BOD mandate be?
- Who has the right to evaluate the chairman?
- Do state owned press institutions boards need a CEO?
- Is there a need to independent directors?
- How can we solve the conflict between the general assembly and the board of directors?
- Who is the representative of the state as an owner?
- What needs to be done for the new laws inorder to make a real difference and not to be cosmetic?
- How can state owned press keep its independence?
- Who should hire the editor in chief?
- How do you see the selection process of board members?
- Do you think the number of board members is effective?
- Do you think a board will function better through committees?
- Why don’t newspapers apply to any disclosure policies? How can we develop disclosure policies and apply them successfully?
- Who are the main stakeholders of state owned press institutions?

Questions to Al-Ahram board members:

They were asked 27 questions, each question to investigate an indicator application.
Appendix (2) Board of Directors Self Evaluation Form

<table>
<thead>
<tr>
<th>Considerations</th>
<th>5 Very Good</th>
<th>4 Good</th>
<th>3 Ave.</th>
<th>2 Fair</th>
<th>1 Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 board has full and common understanding of the roles and responsibilities of a board</td>
<td></td>
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<td></td>
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<tr>
<td>2 board members understand the organization's mission and its products / programs</td>
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<tr>
<td>3 Structural pattern (board, officers, committees, executive and staff) is clear</td>
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<tr>
<td>4 board has clear goals and actions resulting from relevant and realistic strategic planning</td>
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</tr>
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<td>5 board attends to policy-related decisions which effectively guide operational activities of staff</td>
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</tr>
<tr>
<td>6 board receives regular reports on finances/budgets, products/programs performance and other important matters</td>
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<tr>
<td>7 board helps set fundraising goals and is actively involved in fundraising (nonprofit-specific)</td>
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</tr>
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<td>8 board effectively represents the organization to the community</td>
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<tr>
<td>9 board meetings facilitate focus and progress on important organizational matters</td>
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<td></td>
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<td></td>
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<tr>
<td>10 board regularly monitors and evaluates progress toward strategic goals and product/program performance</td>
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<tr>
<td>11 board regularly evaluates and develops the chief executive</td>
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<td>12 board has approved comprehensive personnel policies which have been reviewed by a qualified professional</td>
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<tr>
<td>13 each member of the board feels involved and interested in the board's work</td>
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</tr>
<tr>
<td>14 all necessary skills, stakeholders and diversity are represented on the board</td>
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</tr>
</tbody>
</table>

Please list the three to five points on which you believe the board should focus its attention in the next year. Be as specific as possible in identifying these points.

1) __________________________________________
2) __________________________________________
3) __________________________________________
4) __________________________________________
5) __________________________________________

Conducted by: Carter McNamara (McNamara)
Appendix (3) Sample feedback form for a committee meeting

**Sample Committee Meeting Feedback Form**

Date: ________________

Complete this form before leaving today.

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were the issues discussed substantive?</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Were the materials provided helpful in understanding/resolving the issues?</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Was the discussion future oriented?</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>How can our next meeting be more productive?</td>
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<td></td>
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</tbody>
</table>

Based on today's discussion, what should we discuss in the future?

What was the most valuable contribution the committee made TODAY to the long-term welfare of the association, its members and the profession?

Please write additional comments below:

Source: American Library Association (ALA)
Appendix (4): Board of Directors Conflict of Interest Disclosure form

BOARD OF DIRECTORS CONFLICT OF INTEREST POLICY AND DISCLOSURE FORM

ACKNOWLEDGMENT AND DISCLOSURE FORM

I have read the ABC Board Conflict of Interest Policy set forth above and agree to comply fully with its terms and conditions at all times during my service as an ABC Board member. If at any time following the submission of this form I become aware of any actual or potential conflicts of interest, or if the information provided below becomes inaccurate or incomplete, I will promptly notify the ABC President & CEO in writing.

Disclosure of Actual or Potential Conflicts of Interest:

Board Member Signature: ________________________________

Board Member Printed Name: ________________________________

Date: ________________________________

Source: American Library Association (ALA)