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Moroccan SMEs and the Casablanca Stock Exchange: Governance Issues and Prospects for Introduction

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Abstract
This research paper examines the relationship between corporate governance mechanisms and Moroccan SMEs' access to the Casablanca Stock Exchange. It highlights the importance of SMEs in the Moroccan economy, their key role in value creation and economic growth, and the challenges they face in accessing finance, particularly through the capital markets. The text also explores corporate governance systems, comparing open (Anglo-Saxon) and closed (continental European) models, and situates Morocco in a closed system with a high concentration of capital in large companies.
Cross-tabulation and multiple correspondence analysis reveal significant correlations between IPO and various variables, such as the presence of an audit committee, a corporate governance body and knowledge of good governance codes. The econometric model, based on binary logistic regression, confirms that the presence of an audit committee is the main determinant of IPO, significantly increasing the probability of listing. On the other hand, other variables such as beliefs and values, the management system, capital concentration or the management market did not show any significant correlation, highlighting that the quality of internal governance plays an essential role in access to the financial market in Morocco.

Keywords: Corporate governance; Stock market; SME; Hierarchical ordering theory; Binary logistic regression.

1. Introduction

The history of economic development cannot be told without mentioning the crucial role played by SMEs. Today, the preponderance of SMEs in a nation's economic and social development is undeniable. They are the backbone of any economy because of their significant capacity to generate added value and stimulate economic growth. They also help to boost productivity in a context of accelerated globalization, intense competition and ever- changing consumer preferences. By strengthening the industrial fabric and supporting public investment through local private investment in various sectors. In addition, they play a crucial role in social development by creating a large number of jobs and diversifying sources of income, thereby helping to alleviate the problems associated with unemployment.
Corporate governance was established to resolve the conflicts arising from the separation between ownership and management of large listed companies. Its main objective is to safeguard and defend the interests of shareholders by limiting the discretionary power of managers through internal and external

mechanisms. On the other hand, in the context of SMEs, these conflicts are often limited or even non-existent, since in most cases the owner of the SME himself assumes the role of company director.

There is a consensus in the financial literature that the financing of companies, and more particularly SMEs, is mainly characterised by limited access to different sources of funds due to their "opacity" (Ang, 1991; Ndjanyou, 2007; Sime, 2002; Mbouombouo, 2005; Njaya and Ngongang, 2005). On the other hand, Claessens et al (2002) argue that a better corporate governance framework gives companies the possibility of better access to finance, a lower cost of capital, better performance and more favourable treatment of all stakeholders.

Schuster et al (2007) for their part stated that the objectives of a good corporate governance system are: facilitating access to sources of finance and improving the cost of finance. Muñoz (2011, p. 9) considered that the implementation of good corporate governance gives the company an advantage in attracting financial resources at lower costs and promoting trust with investors and creditors (Caballero & Zúñiga, 2019, p. 35). On the part of Paz Arens (2003), indicates that the objective of corporate governance is to strengthen trust by providing tools to align the interests of insiders and outsiders.

Canada's SME Governance Handbook (2019) states that companies with good governance have better access to finance because they appear more attractive and less risky to investors and banks. The Moroccan code of good corporate governance practices, published in 2008, also states that an effective corporate governance system optimises access to finance and the cost of capital.

Senhaji Tarik[1] (2022) argues that the problem of access to finance for Moroccan SMEs is linked to the fragile structure of the SME, the absence of a financial department and the lack of governance within this class of company, whereas on the other hand, a well-structured SME with clear accounts and good governance has no difficulty in accessing external sources of finance. For Essediki Nacer[2] (2022), good corporate governance plays a major role in the long-term survival of the SME and in rebuilding trust between the company and its investors and creditors. Consequently, corporate governance facilitates access to external finance.

The central question of this research is the following: **To what extent do the internal and external mechanisms of corporate governance have an impact on the listing of Moroccan SMEs on the Casablanca Stock Exchange?**

Initially, this research study will involve a literature review to examine the importance of stock market financing for Moroccan SMEs and the obstacles they face in accessing it. It will also aim to present the various existing corporate governance systems and propose the hierarchical order theory as an explanatory framework for access to the various sources of finance available. Secondly, the study will set out the methodological positioning and choice of scientific reasoning adopted. Finally, a quantitative study will be undertaken to analyse the influence of corporate governance mechanisms on the listing of Moroccan SMEs on the Casablanca Stock Exchange.

2. Literature review

2.1. The Moroccan stock market

SMEs need access to a wide range of finance if they are to grow. Stock markets provide SMEs with new

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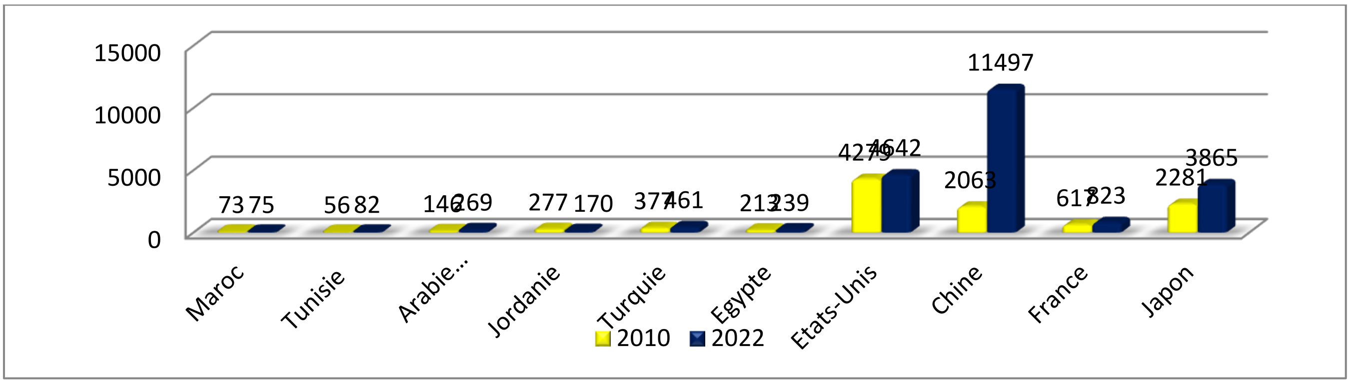
resources to finance their development and give them greater visibility.
A stock market flotation is a potential way for an SME to raise new sources of finance and to differentiate its shareholder structure through the arrival of new shareholders. It helps to ensure the long-term future of certain SMEs by providing a solution to succession problems.
More than that, listing on a financial market enables investors to assess the value of their holding. A company may also seek to raise its profile through a stock market flotation, which is seen as a recognition of the strength of its development.
Of course, going public is not that easy. The company must prepare well before going public. That said, going public involves a number of changes within the company (internal reorganisation, introduction of an external communications policy, introduction of corporate governance mechanisms, etc.), and requires the involvement of a number of external advisers (banks, auditors, legal and tax advisers, etc.) (Stéphany, 2003, p. 182).
The creation of the Casablanca Stock Exchange dates back to 7 November 1929, when the major banks in Casablanca came together under the name of the "Office de Compensation des Valeurs Mobilières" (Securities Clearing Office). Global changes, the significant growth of this market and the introduction of exchange controls prompted the public authorities to regulate the organisation and operation of this office, which was renamed the "Office de Cotation des Valeurs Mobilières" (Securities Listing Office) in 1942, It was only with Royal Decree 444-67 of 14 November 1967 (II Châabane 1387) on the Stock Exchange Act that a financial market was created, based on a legally and technically organised stock exchange known as the Casablanca Stock Exchange, which was able to operate under satisfactory conditions (Elawad, 1993, pp. 32-33).
The financing of Moroccan SMEs by the financial, capital and debt markets is of secondary importance due to the small size and conditions imposed by these markets. Despite the fiscal and financial incentives adopted, the mechanisms put in place are not generally adapted to the needs of SMEs. The institutional factor also creates an essential barrier to access for these companies to the stock market, mainly because of the complexity of the stock market rules in relation to the resources of Moroccan SMEs.

Graph 1: Comparison of the number of listed companies in Morocco with other emerging and developed countries



Source: Our own research, based on data collected from the World Bank website: Http://donnees.banquemondiale.org/indicateur/CM.MKT.LDOM.NO.

We note a low representation of Moroccan companies within the Casablanca Stock Exchange with 75 listed companies compared to other emerging and developed countries. The number of companies listed on the Casablanca Stock Exchange from 2010 to 2022 has only increased by a very small 0.03% over the twelve years, while from 2014 to 2019 the total number of listed companies has fallen from 76 to 74. This near-recession explains why Moroccan SMEs still do not have the opportunity or the means to list on the Casablanca Stock Exchange.

Although Morocco has adopted a number of tax reforms and created a 3rd. department to encourage listings on the Casablanca Stock Exchange, the Casablanca Stock Exchange's involvement in SME financing remains very low. Only 0.1% of Moroccan SMEs are listed on the Casablanca Stock Exchange. They account for 20% of all listed companies3 , but if we use the 2002 Charter's definition of SMEs to identify listed SMEs, they account for only 8% of all listed companies.

This low level of representation is due to the Casablanca Stock Exchange's eligibility criteria, which give preference to SMEs with high growth potential. Most SME-SMIs therefore do not have the characteristics required for access to the Casablanca Stock Exchange's 2nd and 3rd compartments. What's more, the proportion of SMEs that can make a public offering of MAD 10 million remains low. This calls for more reform in this sector, particularly by reducing the amounts to be issued at the time of the IPO.

SME financing via the financial market is still very restrictive in terms of issuers (CDVM, 2011). SMEs are only concerned by commercial paper (minimum MAD 100,000). However, even if the latter "are accessible to certain categories of SMEs, the requirements in terms of communication, transparency and financial governance are not met by SMEs, due to a lack of resources" (Zeamari & Oudgou, 2015).

2.2. The different types and systems of corporate governance

In Anglo-Saxon countries, it is market mechanisms that provide most of the controls on management teams (in particular through stock price movements or hostile takeovers).

In continental Europe, the action of other mechanisms (close and lasting links between governments, banks and industry, concentration of capital around a reference shareholder, etc.) is supposed to make controls on managers just as effective.

According to Albert (1991), the Rhenish model, found in Germany in particular, is characterized by the close links between banks and industry. The resulting system of governance is said to be particularly effective, even though the German central state has little involvement in the economy. In this case, it is the "Länders" (regions) that take stakes in the capital of major companies (like the Land of Lower Saxony, which controls the capital of Volkswagen).

Franks and Mayer (1992) distinguish between "open" and "closed" systems of governance:

In open systems, such as those found in Anglo-Saxon countries, financial markets are active and liquid, and many companies go public to raise the capital they need to grow. Share ownership is often dispersed, and banks generally have a small presence in the capital of companies. While cross-shareholdings are relatively rare, accounting regulations are on the other hand numerous and managers are subject to strong pressure from their shareholders. However, open systems are supposed to be more conducive to risk-taking and financing by the financial markets.

In so-called closed governance systems, as found in countries such as Germany, Japan and France, the

[3] Interview by Franck FAGNON (Leconomiste journalist) with Amine Diouri (Head of SME Research at Inforisk), Edition N°:4810 Le 11/07/2016/, available on : Https://www.leconomiste.com/article/999784-500-1-000-pme- pretendantes-la-bourse : Consulted on : 10/04/2018.

shareholder base of large companies is traditionally more stable and concentrated. Capital is said to be patient insofar as investors are supposed to take the time to assess the profitability of investments, and stakeholders are often represented on management bodies. Capital markets are generally not very active or liquid, and cross-holdings between companies are frequent. In these environments, institutional investors, and banks in particular, traditionally have a strong presence in the capital of large companies. Conflicts of interest on boards of directors are therefore relatively common. For example, banks may try to encourage companies in which they are shareholders to favour bank debt to finance growth. Risk aversion is also higher. In this respect, Hanke and Walters (1994) note that the loss of competitiveness of Japanese companies observed since the end of the 1990s is largely due to the intervention of banks in the capital of industrial companies, which led Japanese firms to take on massive debt and over-invest in unprofitable activities. For these authors, Japanese firms, which had very large cash surpluses, should have distributed them to their shareholders so that the latter could reinvest in new activities. But, unconcerned about protecting shareholder value, they preferred to invest them indiscriminately, including in activities that were insufficiently profitable. And yet, in closed systems, the risks are supposed to be lower because management is more stable and the investment horizon is generally longer.

In Morocco, large companies are often owned by families or groups, with a high concentration of capital. Banks also play an important role in financing companies, and the Moroccan stock market is less liquid and less active than in Anglo-Saxon countries. This model of governance, where the investment horizon is long and conflicts of interest may be present within boards of directors, is therefore closer to the closed system described in the text. It can be concluded that the system of governance in Morocco is closer to a closed system of governance.

2.3. The choice of financing for SMEs according to the pecking order theory

Research into SME financing shows that these companies tend to prefer to use debt to finance their growth and to use equity financing to a lesser extent (Adair & Adaskou, 2011; Bertoni & Reverte, 2019). In SMEs, this method of financing comes up against the fears expressed by owner-managers regarding the risk of loss of control linked to the entry of an investor (Ben-Hafaïedh & Hamelin, 2015; Berrada El Azizi, El Mabrouki & Habba, 2014) , a risk which explains why it is only used as a last resort. In an independent SME, recourse to equity capital raises questions linked to the desire for financial independence asserted by the owner-managers, who fear that opening up the capital to an outside investor would be an opportunity to alter the control they often exercise over the company's destiny.

Aktas, Bellettre and Cousin (2011) focus on small businesses where the owner-manager plays a major role and where quantitative monitoring of activity is often less developed and access to external finance more difficult. These authors argue that these companies prefer internal financing because of the flexibility it offers. Studies on the financing of SMEs show that the theory of hierarchical financing applies to the financing choices of this category of company (Chevallier & Miloudi, 2014; Lappalainen & Niskanen, 2013). St-Pierre and Fadil (2016) observe in their survey of 149 researchers on entrepreneurial finance that half of them use this theory.

Following the recommendations of the theory of hierarchical financing (Myers and Majluf, 1984), Stulz (1988) and Harris and Raviv (1988) defend the idea of a hierarchy of financing applied to external growth operations, which is part of the desire of owner-managers to retain control of their company.

Allen (1991) interviewed managers of 48 listed companies in Australia in order to verify their theoretical reference for decision-making on the choice of financial structure. His results show that financing behaviour is guided by the predictions of the hierarchical order theory. Shyam- Sunder and Myers (1999) use a time series test of the two alternative theories of hierarchical financing and the target debt ratio on a sample of listed US companies to validate the theory of hierarchical financing in a semi-strong form. On the basis of two surveys carried out in 1994 and 1999 respectively, Fan and So (2004) also find that company managers in Hong Kong follow the predictions of the pecking order theory when choosing financing. With the same objective in mind, Molay (2005) tests which of the two competing theories is relevant (the pecking order theory or the trade-off theory) in explaining corporate financing behaviour. Their results show the pre-eminence of the hierarchical order theory. In Portugal, Bartholdy and Mateus (2005) highlight the impact of the tax deductibility of interest charges on the financial structure of unlisted SMEs, and conclude that the theory of hierarchical financing is better able to explain the financial structure of Portuguese SMEs. With the same objective, and using Polish companies as a basis, Mazur (2007) tests the two competing theories of financing policy, and his results show the relevance of the hierarchical financing theory (Sotong & Ntamack, 2021).

The results of a study on the relationship between capital structure and investment financing of Vietnamese SMEs confirmed the dynamic characteristic of the hierarchical order theory in the context of the capital structure of SMEs (Trinh et al, 2017) , also, the results of a study that deals with the factors influencing the financing decision of SMEs in Indonesia confirmed that the hierarchical order theory explains the financing choice of this class of companies (Sutomo et Al, 2019). Another study was done on a sample of 1362 companies listed on the Tokyo Stock Exchange during the period from 1991 until 2015 on the relationship between leverage and its determinants based on the examination of capital structure theories (POT and TOT), the results of this study showed that the financing pattern of Japanese firms is consistent with the basic pecking order model, which predicts external debt financing based on the internal financial deficit (Shaif et al, 2019). Another analysis on the determinants that explain the capital structure decisions of SMEs in Cabinda province in Angola, the results of this study suggest that these firms follow the principles of the pecking order theory in capital structure decisions (Lussuamo & Serrasqueiro, 2021).

All these studies show that the theory of hierarchical order plays a primordial role in decision-making on the choice of financing for SMEs.

The pecking order theory applies to SMEs, with the exception of SME subcontractors or members of a group (Kremp & Phillippon, 2008). SMEs do not seek to achieve an optimal level in their financial structure because they prioritise their preferences for internal financing over external financing, more than debt over equity (Ang, 1991; Holmes & Kent, 1991). SMEs may wish to borrow when investment financing exceeds their internal cash flow. However, they will incur transaction costs in their credit relationship. These costs may be zero for internal funds (cash flow), although higher for the issue of new shares, while debt costs are somewhere in between. The objective of SME owner-managers is to maximize their own wealth, while ensuring control over decision-making vis-à-vis external players. Therefore, they will first choose internal funds for financing and if such funds prove unavailable, they prefer to use debt rather than increase their capital (Adair & Adaskou, 2015).

SMEs, who wish to borrow when their financing needs exceed their internal cash flow, are often confronted in their credit relationship with adverse selection and information costs. These costs may be zero for self-financing but are high in the case of issuing new shares, while the costs of debt occupy an intermediate position. SME managers aim to maximize their own wealth while retaining their independence from external players, which is why internal funds are their priority financing choice; if internal funds are insufficient, they prefer to resort to debt rather than capital increases because debt reduces the firm's degree of dependence on other capital providers, and thus enables it to retain control and decision-making power (Adair & Adaskou, 2014).

3. Methodological framework and results of the quantitative study

3.1. Research methodology

Our study is based on a quantitative approach, using hypothetico-deductive scientific reasoning. Initially, we formulated the following central hypothesis:

H1: The introduction of corporate governance mechanisms has a significant impact on the listing of Moroccan SMEs on the Casablanca Stock Exchange.

On the basis of our central hypothesis, we have formulated seven sub-hypotheses, as follows:

- **SH1:** Religious beliefs have a significant impact on the introduction of Moroccan SMEs to the Casablanca Stock Exchange.
- **SH2:** The establishment of a corporate governance body (board of directors, management board, family board, etc.) has a significant impact on Moroccan SMEs' access to the stock market.
- **SH3:** The decentralization and specialization of the management system of Moroccan SMEs have a significant influence on the introduction of Moroccan SMEs tothe Casablanca Stock Exchange.
- **SH4:** The presence of the audit committee has a significant influence on the introduction of Moroccan SMEs to the Casablanca Stock Exchange.
- **SH5:** The concentration of capital in the hands of a single person has an impact on the introduction of Moroccan SMEs to the Casablanca Stock Exchange.
- **SH6:** The conditions of access to the Casablanca Stock Exchange have a negative impact on the introduction of Moroccan SMEs to this market.
- **SH7:** Implementing the recommendations of Moroccan codes of best practice for corporate governance has a significant impact on access to external financing.

Subsequently, to validate or reject our sub-hypotheses, empirical verification through data collection will be used. A structured questionnaire was developed for data collection. This questionnaire aims to capture significant data in a uniform way from the participants, thus ensuring the comparability of responses.

We chose to use convenience sampling, a non-probability approach that selects participants based on their availability and willingness to contribute to the study. Although this method has limitations in terms of generalizing results, it is appropriate for exploratory studies such as ours, where access to participants can be a challenge.

The questionnaire[4] was distributed to 220 SMEs located in Morocco. Of these companies, 6 are listed on the Casablanca Stock Exchange[5], which enriches our sample by including companies subject to more stringent transparency and reporting requirements. After a series of reminders via social networks (Facebook, WhatsApp and LinkedIn), the internet (electronic emails), post, telephone and even physical contacts, we received a total of one hundred and sixteen (116) completed questionnaires. However, after careful checking, thirteen (13) questionnaires were excluded for various reasons, such as

[4] The questionnaires were completed by owner-managers, managing directors and heads of financial communications.

[5] We also carried out an in-depth search of companies listed on the Casablanca Stock Exchange, mainly using the official website of the Casablanca Stock Exchange, in order to identify companies whose characteristics comply with the definition in the 2002 charter. We found 6 SMEs listed on the Casablanca Stock Exchange.

incompleteness, illegibility or inappropriate responses. As a result, the final sample comprised one hundred and three (103) SMEs, representing a response rate of around 46%. This response rate is particularly satisfactory given the practical challenges associated with the accessibility of the companies and the budgetary restrictions that governed the survey.

The expected results will be analyzed statistically using IBM SPSS STATISTICS 22 software.

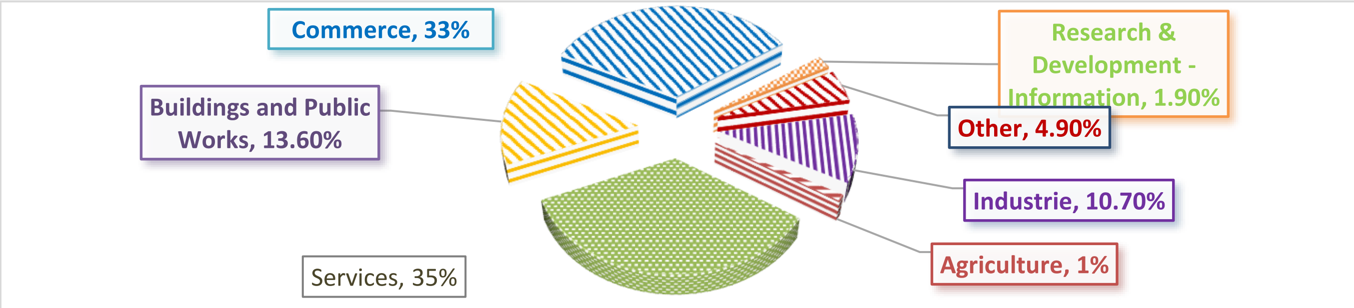
3.2. Results of the quantitative method

3.2.1. Univariate analysis

Univariate analysis is a descriptive statistical analysis of a single variable that allows the data collected to be described and its main characteristics to be analyzed using graphical representations.

3.2.1.1.Sectors of activity:

Graph 2: Sectors of activity



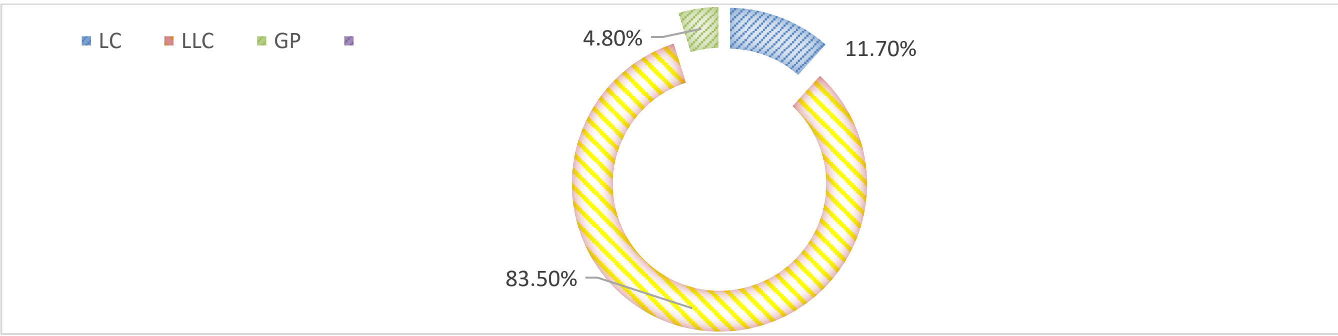
Source: Authors on the basis of data collected via the questionnaire.

The sectoral breakdown by activity of the sample studied is structured as follows:

- The services and trade sectors account for more than two-thirds of our sample, with 68%, i.e. 35% (36 SMEs) and 33% (34 SMEs) respectively.
- Followed by the construction and public works sector with a share of 13.60% (14 SMEs), industry with 10.70% (11 SMEs) and the research and development- information sector with 1.90% (2 SMEs).
- Finally, the "other" sector of activity is represented in our sample by 4.90% (5 SMEs), with four SMEs working in real estate and one in mining.

3.2.1.2.Legal statutes

Graph 3: Legal statutes

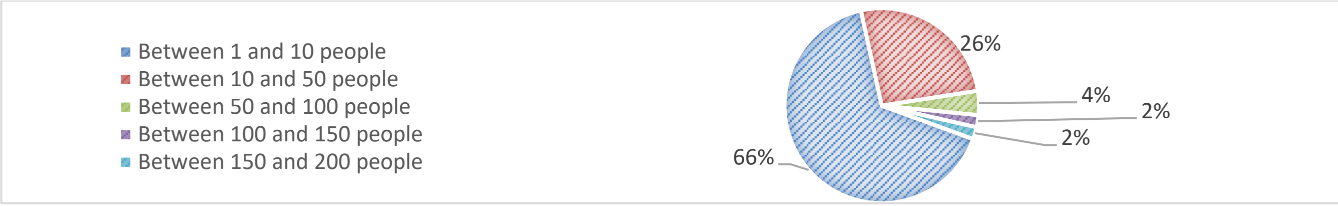


Source: Authors on the basis of data collected via the questionnaire.

The majority of SMEs take the "SARL" legal form, with a percentage of 83.50% (86 out of 103 SMEs), followed by the "SA" legal form, which represents 11.70% (11 SMEs), and lastly the "SNC" legal form, with a percentage of 4.80% (5 SMEs).

3.2.1.3.The workforce

Graph 4: Number of employees

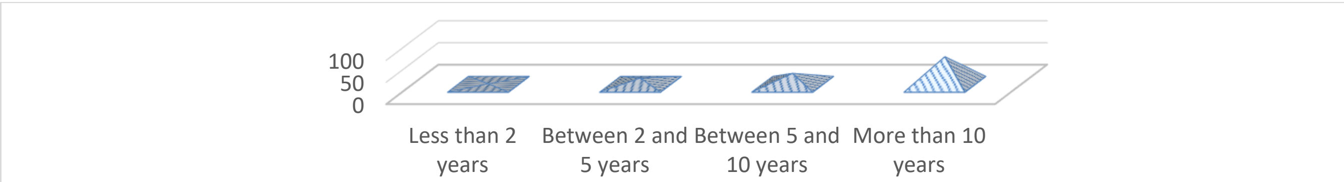


Source: Authors on the basis of data collected via the questionnaire.

For the "workforce" characteristic, SMEs with a workforce of between 1 and 10 people are represented by two thirds of the total sample, i.e. 66%, then SMEs with between 10 and 50 people have a percentage of 26% and the remaining 8% are distributed between the three remaining forms as shown in the graph above.

3.2.1.4.The age of the company

Graph 5: Age of SMEs

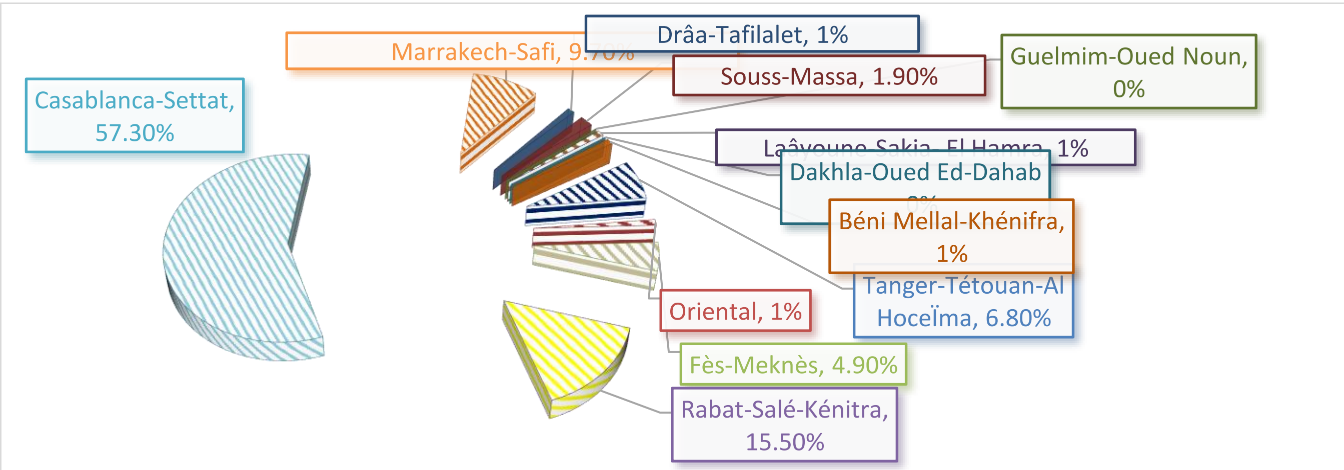


Source: Authors on the basis of data collected via the questionnaire.

61.20% of SMEs (63 SMEs) are over 10 years old, 24.30% are between 5 and 10 years old (25 SMEs), 13.60% of SMEs (14 SMEs) are between 2 and 5 years old, and only one SME has recently been created.

3.2.1.5.The Regional SME Locality

Graph 6: Regional location of SMEs

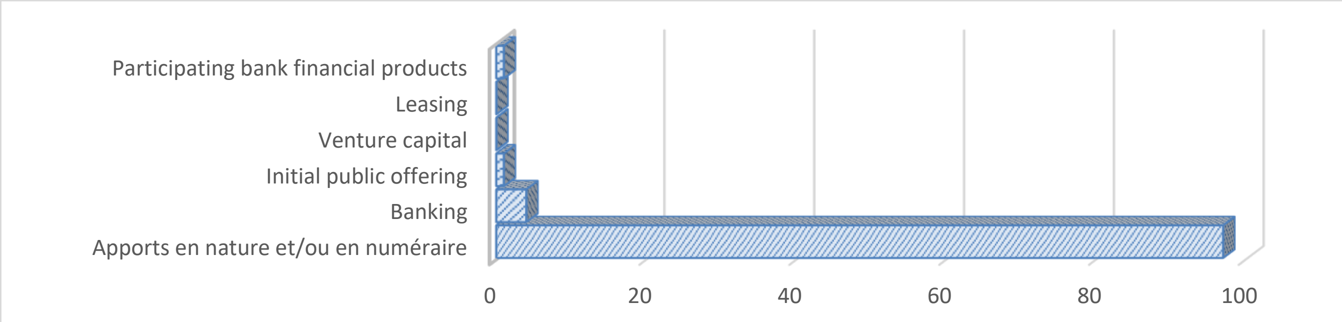


Source: Authors on the basis of data collected via the questionnaire.

SMEs are heavily concentrated in the Casablanca-Settat region, with a percentage of 57.30% (59 SMEs), the Rabat-Salé-Kenitra region with a percentage of 15.50% (16 SMEs) and the Marrakech-Safi region with a percentage of 9.70% (10 SMEs). The Tangier-Tétouan-Al Hoceïma region illustrates a percentage of 6.80% (7 SMEs), the Fès-Meknès region represents 4.90% (5 SMEs), while the Souss-Massa region is represented by two SMEs and the other remaining regions are represented by a single SME each, except for the Guelmim-Oued Noun region and the Dakhla-Oued Ed-Dahab region which are not represented.

3.2.1.6.The main source of finance for SME start-ups

Figure 7: Main source of finance for SME start-ups

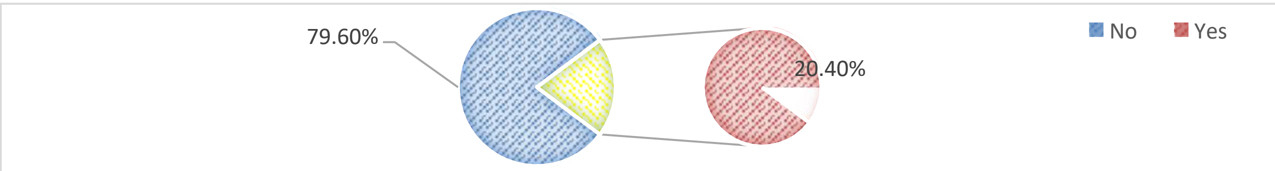


Source : Authors on the basis of data collected via the questionnaire.

The majority of the SMEs studied, i.e. 94.20% (97 SMEs), were financed in the start-up phase via cash and/or in-kind contributions, while 3.9% (4 SMEs) were financed by the bank, while the two remaining SMEs were financed separately in the start-up phase via an IPO on the Casablanca Stock Exchange and via alternative banking financial products.

3.2.1.7.Knowledge of the Moroccan Code of Good Corporate Governance Practices published in March 2008

Graph 8: Knowledge of the Moroccan Code of Good Corporate Governance Practicespublished in March 2008

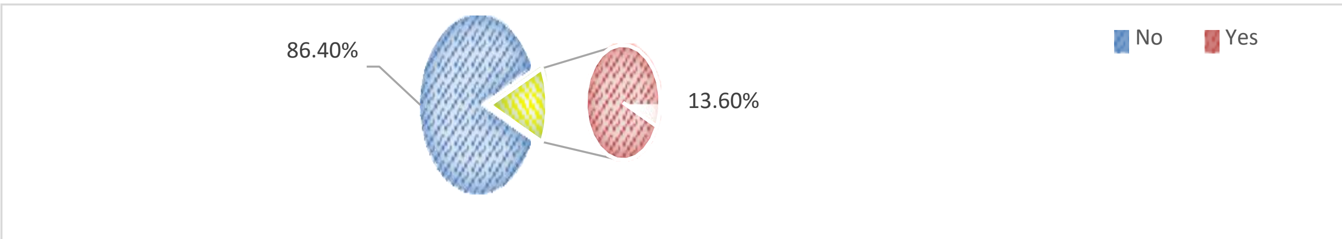


Source: Authors on the basis of data collected via the questionnaire.

Indeed, 79.60% of SMEs are not familiar with the Moroccan Code of Good Corporate Governance Practices published in March 2008, while the remaining 20.40% are familiar with this code, of which 16 SMEs adopt the recommendations and 5 SMEs do not.

3.2.1.8.Knowledge of the Specific Code of Good Governance Practices for SMEs and Family Businesses published in December 2008

Graph 9: Knowledge of the Specific Code of Good Governance Practices for SMEs andFamily Enterprises published in December 2008

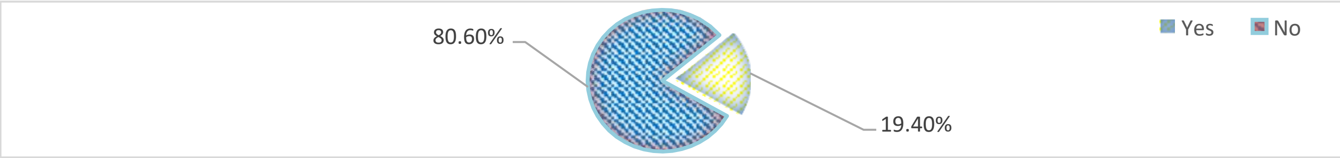


Source: Authors on the basis of data collected via the questionnaire.

86.40% of SMEs are unaware of the Specific Code of Good Governance Practices for SMEs and Family Enterprises published in December 2008, while the remaining 13.60% are familiar with the code, 12 of which have adopted its recommendations.

3.2.1.9. Knowledge of Law 17-9511 on public limited companies

Graph 10: Knowledge of Law 17-9511 on public limited companies

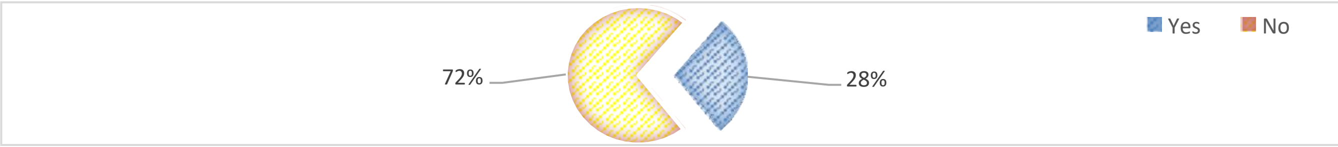


Source: Authors on the basis of data collected via the questionnaire.

The majority of SMEs, i.e. 80.60% (83 SMEs) are not familiar with Law 17-9511 on limited companies, while 19.40% are familiar with this law.

3.2.1.10. The governance body in Moroccan SMEs

Figure 11: Governance structure of Moroccan SMEs

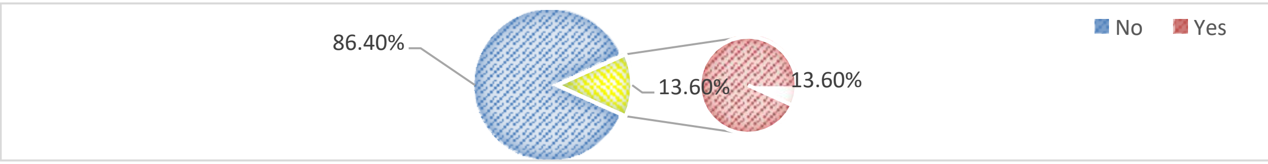


Source: Authors on the basis of data collected via the questionnaire.

Only 28% of SMEs have a corporate governance body and 72%, or 74 SMEs, have no corporate governance body at all.

3.2.1.11. Audit committee arrangements for SMEs

Figure 12: Audit committee arrangements for SMEs

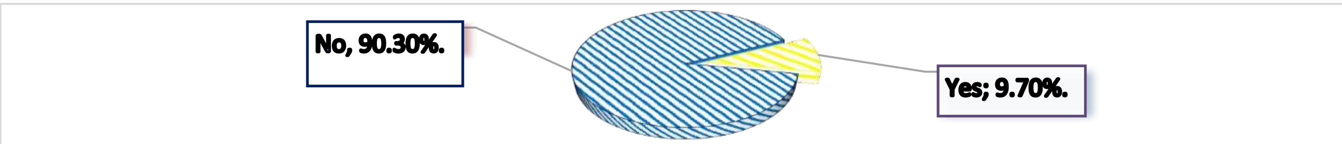


Source: Authors on the basis of data collected via the questionnaire.

Most SMEs (86.40%) do not have an audit committee, although 14 do.

3.2.1.12. Disposition of the person responsible for financial communication

Figure 13: Position of the financial communications manager



Source: Authors on the basis of data collected via the questionnaire.

As regards the existence of a financial communications manager within the company, only 9.70% (10 SMEs) said that they had a financial communications manager, while a majority (90.30%) answered this question in the negative.

3.2.1.13. The composition of the capital structure

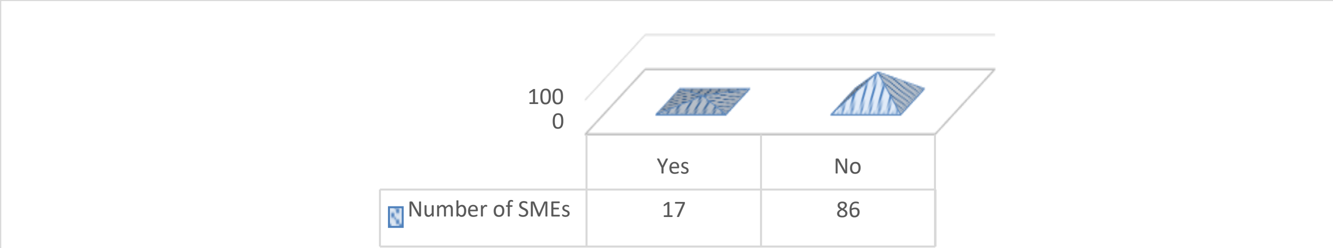
Graph 14: Composition of the capital structure

Source: Authors on the basis of data collected via the questionnaire.

With regard to the capital or ownership structure of SMEs, 74.80% of SMEs have their capital held by several people, while the remaining 25.20% of SMEs have their capital held by a single person called the owner-manager.

3.2.1.14. Provision of the financing department

Graph 15: Provision of the financing department

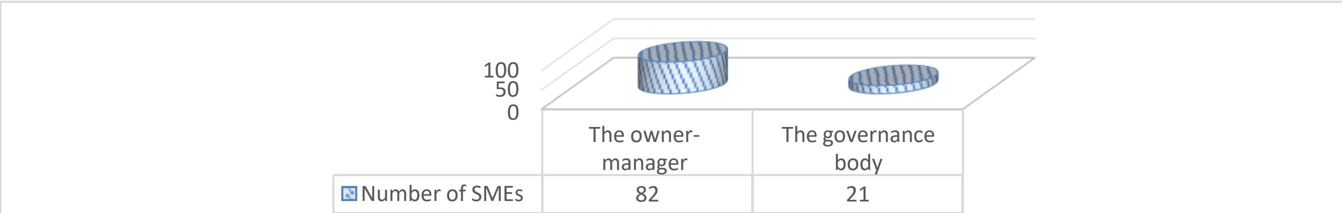


Source: Authors on the basis of data collected via the questionnaire

The results of our survey show that only 16.50% (17 SMEs) have a financing department, while 83.50% (86 SMEs) replied in the negative.

3.2.1.15. The outcome of the financing decision

Graph 16: Origin of the financing decision



Source: Authors on the basis of data collected via the questionnaire.

With regard to the financing decision, a majority of 79.11%, or 82 SMEs, had their financing decision taken by the owner-manager, while only 20.89, or 21 SMEs, had their financing decision taken by the governance body.

3.2.1.16. The presence of a financing plan

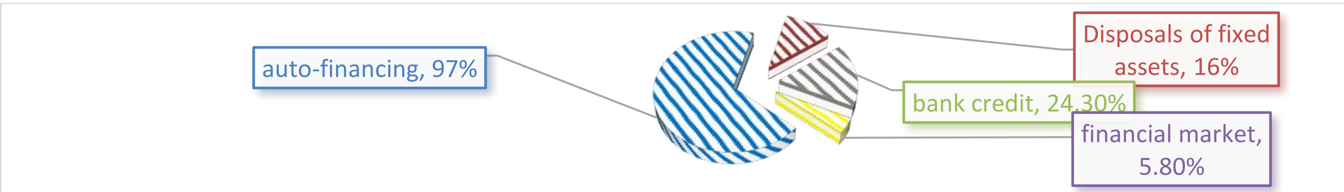
Graph 17: Presence of financing plan

Source: Authors on the basis of data collected via the questionnaire.

A proportion of 32%, or 33 SMEs, stated that they had an annual financing plan, while the remaining 68%, or 70 SMEs, did not have such a plan.

3.2.1.17. The preferred source of finance for Moroccan SMEs

Graph 18: Preferred source of financing for Moroccan SMEs

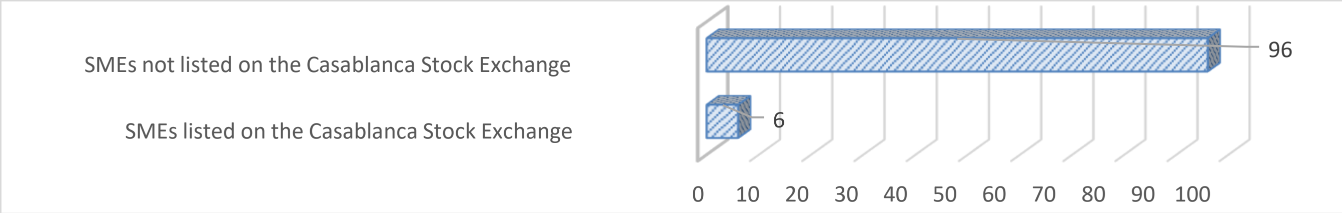


Source: Authors on the basis of data collected via the questionnaire.

The total majority with a proportion of 97%, 100 SMEs, prefer self-financing as a source of financing, followed by bank credit as a preferable source of financing for 25 SMEs, i.e. 24.30%, then 16 SMEs prefer disposals of fixed assets as a source of financing and lastly 6 SMEs, i.e. 5.80%, favour financing via the financial market as a source of financing.

3.2.1.18. SMEs listed and unlisted on the Casablanca Stock Exchange

Graph 19: SMEs listed and unlisted on the Casablanca Stock Exchange

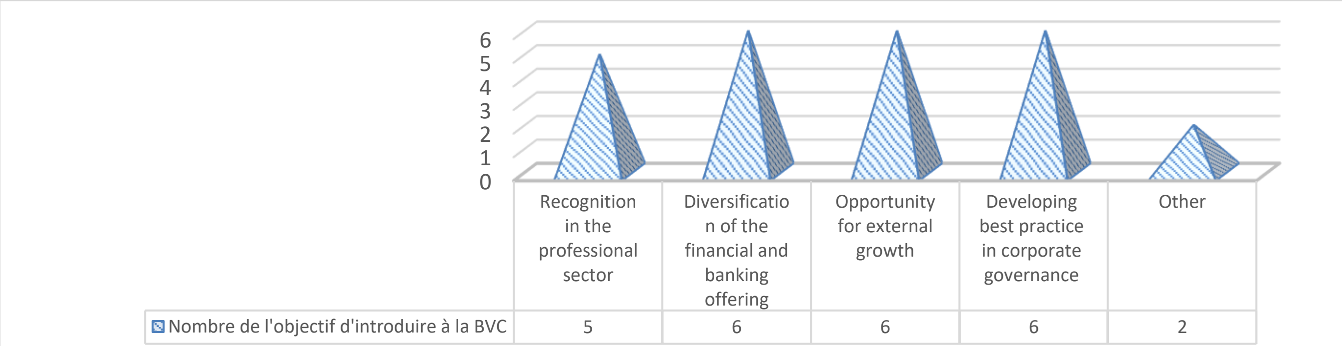


Source: Authors on the basis of data collected via the questionnaire.

The graph shows that almost all SMEs are not listed on the Casablanca Stock Exchange, while 6 SMEs (5.8%) are listed on the Casablanca Stock Exchange.

3.2.1.19. The main objectives of the IPO on the Casablanca Stock Exchange are to

Graph 20: Main objectives envisaged by the listing on the Casablanca Stock Exchange

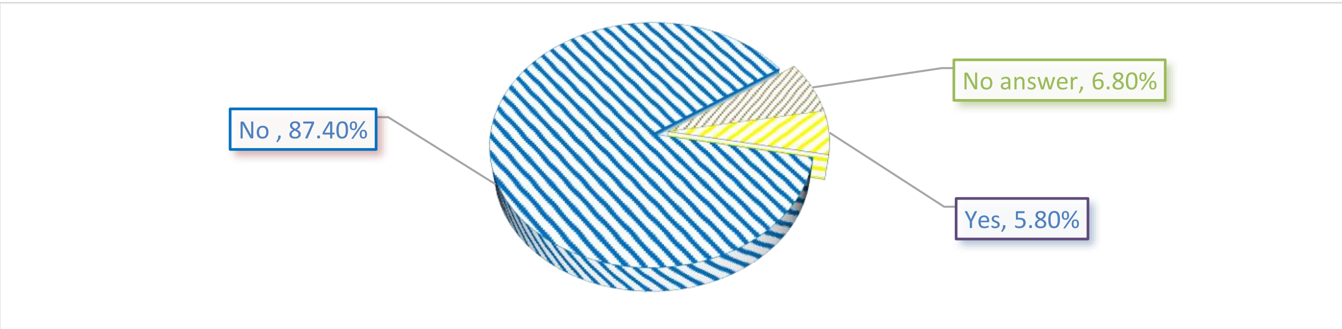


Source: Authors on the basis of data collected via the questionnaire.

Almost all the SMEs listed on the Casablanca stock exchange have chosen diversification of their financial offering, the opportunity for external growth, the development of good corporate governance practices and recognition in the professional sector as the main objectives envisaged by their listing on the stock market.

3.2.1.20. Unlisted Moroccan SMEs and listing on the Casablanca Stock Exchange

Graph 21: Unlisted Moroccan SMEs and listing on the Casablanca Stock Exchange

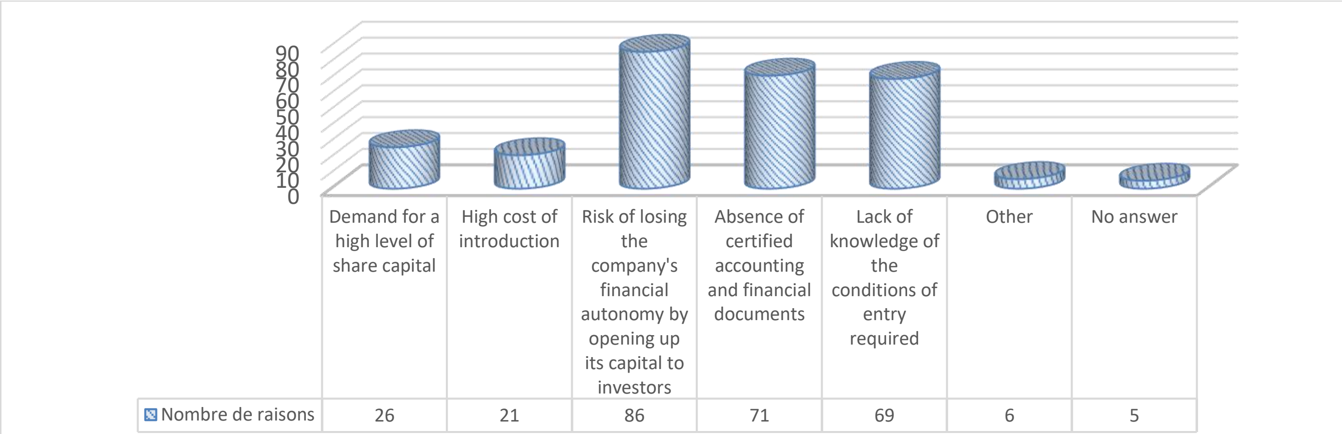


Source: Authors on the basis of data collected via the questionnaire.

A majority proportion of 87.40%, i.e. 90 SMEs, have never tried to list on the Casablanca Stock Exchange. Conversely, only 6 SMEs have tried to list on the Casablanca Stock Exchange.

3.2.1.21. The main reasons why listing on the Casablanca Stock Exchange is difficult

Graph 22: Main reasons why introducing Casablanca Stock Exchange is difficult



Source: Authors on the basis of data collected via the questionnaire

With regard to the main reasons why listing on the Casablanca Stock Exchange is difficult, we found, according to the SMEs studied, that the main reason for listing on the Casablanca Stock Exchange is "Risk of losing the company's financial autonomy as a result of opening up its capital to external investors", with 86 responses, followed by "Lack of certified accounting and financial documents", with 71 responses, The reason "Lack of knowledge of the required conditions for introduction" was almost as important, with 69 responses. On the other hand, the reasons "High share capital required" and "High cost of introduction" received 26 and 21 responses respectively, and lastly the reason "Other", with 5 responses.

3.2.2. Cross analysis

3.2.2.1. Relationship between listing on the Casablanca Stock Exchange and the risk of losing financial autonomy as a result of opening up capital to external investors

The table below shows the significance level of the test to be 0.000, which is well below the significance level of the 0.05 test, with a chi-square test value of 20.647. We can therefore conclude that there is a statistical relationship between listing on the Casablanca Stock Exchange and the risk of losing the company's financial autonomy as a result of opening up its capital to external investors. Figure N shows that 83 SMEs out of 103, i.e. 80.58%, cannot access the stock market because of the risk of losing the company's financial autonomy as a result of opening up its capital to external investors, whereas only 17 SMEs have no problem with this risk.

3.2.2.2. Relationship between the introduction to the Casablanca Stock Exchange and the corporate governance body

There is a statistical relationship between the existence of a corporate governance body and listing on the Casablanca stock exchange (Chi-square value = 16.257; ddl = 1; significance = 0.000) . The results of the cross-tabulation of the two variables explain why a majority of 71.80%, or 74 SMEs in our sample, are not listed on the Casablanca Stock Exchange and have no corporate governance body, whereas all SMEs listed on the Casablanca Stock Exchange have a corporate governance body.

3.2.2.3. Relationship between introduction to the CVB and audit committee attendance

We can conclude that there is a statistical dependency between the presence of an audit committee and listing on the Casablanca Stock Exchange (Chi-square value = 26.385; ddl = 1; significance = 0.000). All the SMEs listed on the Casablanca Stock Exchange, with the exception of a single listed SME, have an audit committee, while a majority of 88 SMEs, i.e. 85.40% of our sample, do not have such a committee and are not listed on this stock market. On the other hand, the rest of our sample, i.e. 9 SMEs, have an audit committee but are not listed on the Casablanca Stock Exchange.

3.2.2.4.Relationship between the introduction to CVB and the management system

With the exception of a single SME listed on the Casablanca Stock Exchange, all the listed SMEs in our sample state that they have a decentralized management system. On the other hand, a majority of 76 SMEs (73.79%) not listed on the Casablanca Stock Exchange state that they do not have a decentralized management system, while only 21 SMEs not listed on this market have a centralized management system. We can conclude that there is a statistical relationship between the management system and access to finance via the Casablanca Stock Exchange (Chi-square value = 11.393; ddl = 1; significance = 0.001).

3.2.2.5.Relationship between listing on the Casablanca Stock Exchange and capital structure

There is a statistical relationship between the capital structure of SMEs and their listing on the Casablanca stock exchange (Chi-square value = 18.635; ddl = 1; significance = 0.000) . According to the results obtained, a plurality of 76 SMEs in our sample whose capital structure is held by a single person were unable to access the stock market, while all SMEs listed on the Casablanca Stock Exchange whose capital is held by several people, while only 20 SMEs whose capital is held by several people did not have access to this method of financing.

3.2.2.6.Relationship between the introduction to the CVB and the implementation of the recommendations of the 2008 specific code of good governance practice for SMEs and family businesses

Based on the table below, we can say that there is a statistical relationship between the implementation of the recommendations of the 2008 Moroccan Code of Good Corporate Governance Practices and the listing on the Casablanca Stock Exchange (Chi-square value = 24.878; ddl = 1; significance = 0.000). The results obtained show that a majority of 79.61% or 82 SMEs in our sample do not take advantage of stock market financing and do not adopt the recommendations of the 2008 Moroccan Code of Good Corporate Governance Practices, while only 15 SMEs or 14,56% apply the recommendations of the 2008 Moroccan Code of Good Corporate Governance Practices and are not listed on the Casablanca Stock Exchange. Conversely, all SMEs listed on the Casablanca Stock Exchange apply the recommendations of this code.

3.2.2.7.Relationship between the introduction of the CVB and the implementation of the regulations dictated by Law 17-9511

There is a statistical link between the implementation of the regulations of the law 17-9511 relating to the Joint Stock Companies and the introduction to the stock exchange of Casablanca (value of the Khi-deux = 48,314; ddl = 1; significance = 0.000). A plurality of 88,34% that is to say 91 SME of our sample do not benefit from the Moroccan stock exchange financing and do not respect the regulations of the law 17-9511 relating to the Joint Stock Companies, whereas only 6 SME not quoted with the stock exchange of Casablanca respect the implementation of the regulations of the law 17-9511 relating to the Joint Stock Companies, a contrario, all SME quoted with the stock exchange of Casablanca of our sample respect the regulations of the law 17-9511 relating to the Joint Stock Companies. We can conclude that there is a statistical link between the implementation of the regulations of the law 17-9511 relating to the Joint Stock Companies and the access to the banking financing (value of the Khi-deux = 30,136; ddl = 1; significance = 0.000).

3.2.2.8.Relationship between listing on the Casablanca Stock Exchange and ignorance of the listing conditions required by the stock market

There is a statistical relationship between ignorance of the listing conditions required by the Casablanca Stock Exchange and listing on this financing method (Chi-square value = 12.930; ddl = 1; significance = 0.001) . The results show that 66.99%, i.e. 69 SMEs in our sample that are not listed on the Casablanca Stock Exchange, state that ignorance of the listing conditions required by the Casablanca Stock Exchange is a major handicap that prevents them from being listed on the Moroccan stock market, all the SMEs listed on the Casablanca Stock Exchange have no problem with this type of problem, the rest of our sample, i.e. 28 SMEs, do not consider the problem of ignorance of the listing conditions required by the Casablanca Stock Exchange to be a major handicap that makes listing on this market inaccessible.

3.2.3.Multiple Correspondence Analysis

In contrast to Principal Component Analysis (PCA), which focuses on quantitative variables, Multiple Correspondence Analysis (MCA) is a statistical technique that examines the associations and correlations between two or more qualitative variables. MCA serves as an extension of simple correspondence analysis, which is limited to analyzing the correlation between just two qualitative variables.

MCA is commonly employed to analyze survey or polling data, generating representation maps that visually depict the similarities among categories of qualitative variables and the corresponding observations.

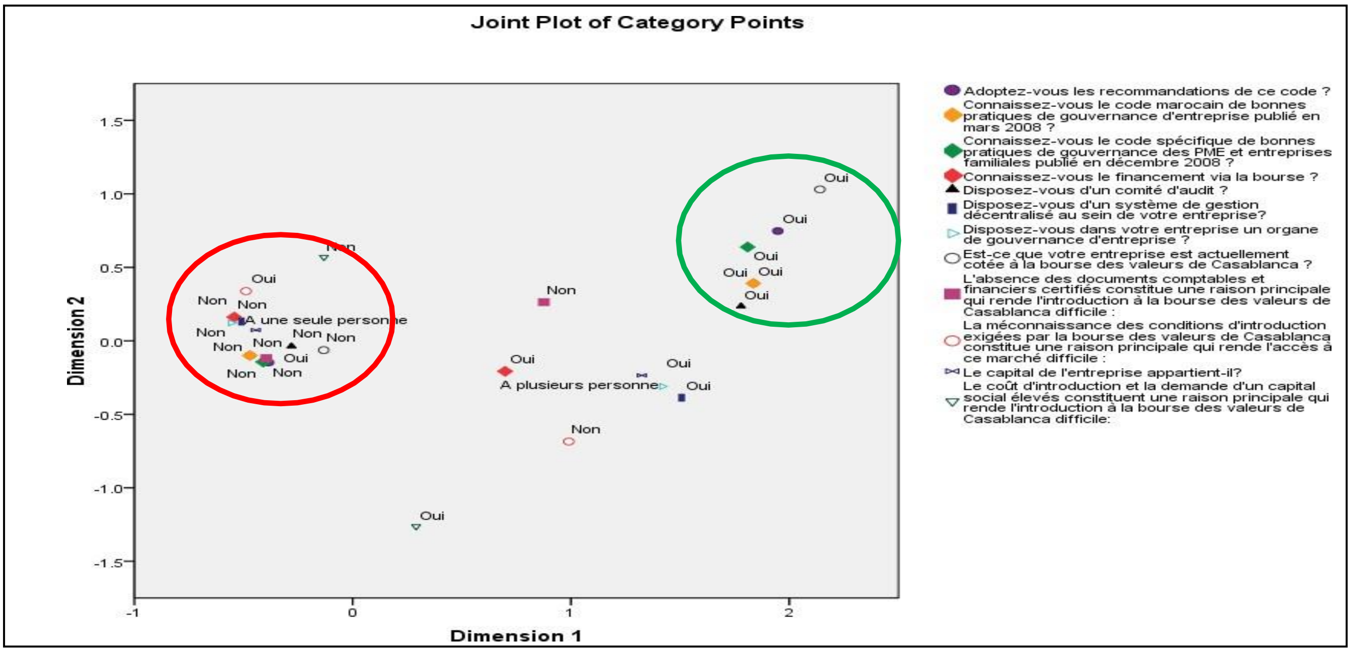
Table 1: Overview of models

Dimension	Cronbach's Alpha	Represented variance	
		Total (Own value)	Inertie
1	.937	7.105	.592
2	.318	1.411	.118
Total		8.516	.710
Moyenne	.835[a]	4.258	.355
a. Cronbach's Alpha is based on the mean eigenvalue.			

Source : authors via SPSS.

We observe that the coefficient value is 0.835, which is commendable as it surpasses the established minimum threshold of 0.70 (Nunnally, 1978). Although this benchmark is somewhat arbitrary, it is widely recognized within the scientific community. Furthermore, the first two axes account for 85.16% of the total information. Consequently, we can conclude that this four-item scale demonstrates satisfactory internal consistency.

Graphics 23: Modality points



Source : authors via SPSS.

We can see that the variable relating to SME access to stock market financing is correlated with several variables , on the one hand, for the "yes" response which explains access to stock market financing is correlated with knowledge and adoption of Moroccan codes of good corporate governance practice and with the existence of an audit committee, on the other hand, for the "no" response which explains inaccessibility to stock market financing is correlated with the non-existence of a governance body, the non-existence of an audit committee and the non-existence of a decentralized management system, as well as ignorance and non-adoption of Moroccan codes of best practice for corporate governance, the holding of capital by a single person, ignorance of the listing conditions required by the Casablanca Stock Exchange and, finally, the absence of certified accounting and financial documents.

3.2.4.Econometric model

The choice of the logistic model based on binary regression is justified by the nature of the response variable (dichotomous qualitative dependent variable), the non-normality of the data distribution and the size of the sample. We will attempt to implement three econometric models in order to identify the corporate governance mechanisms that facilitate access to different sources of external financing.

Table 2: Variables used in econometric models

The dependent variable	The independent variables selected
Introduction to the Casablanca Stock Exchange: "0" if the SME is listed on the Casablanca Stock Exchange, "1" otherwise.	Laws and regulations ; Executive market ; Governing body ; Ownership of capital ; The management system ; The financial market.

Source : authors via SPSS.

Table 3: Variables in the equation

		B	H.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Audit_Committee1(1)	-4.334	1.211	12.809	1	.000	.013
	RequestCapital_CostIntroduction(1)	19.319	6.058E3	.000	1	.997	2.456E8
	Constant	4.111	1.008	16.627	1	.000	61.000
a. Variable(s) entered on step 1: Comité_Audit1, Demande Capital_Coût Introduction.							

Source : authors via SPSS

The equation for our validated model is as follows:

Y=Ln (Pi/1-pi) = 4.111 - 4.334Audit_Committee

After several iterations and also with the elimination of the explanatory variables that are not statistically significant at the 5% threshold, this explains why these ratios do not have a great impact on the logistic regression equation, although in some cases they can negatively influence the forecasts. Our results show that only the audit committee variable is significant at the 5% level, while the other variables are not. According to these results, it seems that the introduction to CVB is influenced only by the existence of the audit committee within the SME.

3.2.5.Probability scenarios for variables in the model

Table 4: Possible scenarios for the absence or presence of variables in the equation of model 2

Significant variables in the model	S1	S2
Audit_Committee1	1	0
1 = Variable is present in the equation; 0 = Variable is not present in the equation.		

Source: authors.

Table 5: Calculation results according to possible scenarios

	S1	S2
P	0,44447989	0,98387297
1-P	0,5555201105	0,0161270307
P / (1-P)	0,80011485	61,0076949
Ln (p/(1-p))	-0,223	4,111

Source: Authors.

We can see that the presence of the audit committee variable gives SMEs a probability of 0.55 of listing on the Casablanca Stock Exchange, but a probability of 0.45 of not listing, while the absence of this variable increases the probability of inaccessibility to the stock market with 0.98. We can conclude that the existence of an audit committee within SMEs has a positive impact on the listing of this class of company on the Casablanca Stock Exchange. We can conclude that the existence of an audit committee within SMEs has a positive impact on the listing of this class of company on the Casablanca Stock Exchange.

4. Discussion and conclusion

This research paper highlights the crucial importance of SMEs in the Moroccan economic fabric, while also highlighting the obstacles they face in accessing external finance, particularly through the Casablanca Stock Exchange. The role of SMEs in Morocco's economic and social development is undeniable, as they account for a significant proportion of job creation and economic dynamism. However, their growth potential is often hampered by difficulties in accessing finance, a problem exacerbated by stringent requirements in terms of governance and transparency.

The cross-analysis results show significant relationships between IPO and the presence of an audit committee, a governance body, a decentralized management system, and the implementation of regulations such as Law 17-9511 and the Moroccan Code of Good Governance Practices. On the other hand, factors such as capital structure and unfamiliarity with listing requirements also showed significant links with failure to list, highlighting the challenges and requirements for SMEs wishing to access the financial market.

The econometric model based on binary logistic regression reveals that the audit committee appears to be a central element in corporate governance that favours SME access to the financial markets. Its presence seems to reassure investors and regulators about the transparency and quality of the company's financial information, which is essential for an IPO. Accounting and financial records are arguably the most important element of corporate or organizational information, business owners can secure the future and access external sources of finance, and this is due to the fact that financial reports have been ideally researched by properly auditing the current and past performance of companies by the audit committee. Anderson et al (2004) found that the audit committee has better protection and control of the accounting and finance committee process by introducing greater transparency to shareholders and creditors which has a positive effect on the financial performance of companies.

Furthermore, the pecking order theory offers a relevant explanatory framework for understanding the financing choices of SMEs. According to this theory, SMEs generally favour internal financing (reinvestment of profits) and debt financing over issuing new equity, because of the need to retain power, the high cost and the associated transparency requirements. This preference for internal financing and debt, while minimising the risks of dilution of control, limits SMEs' access to the resources they need to finance their long-term growth.

In conclusion, to overcome these challenges and encourage greater SME participation in the Casablanca Stock Exchange, reforms are essential. These could include a reduction in the minimum amounts required for an IPO, simplification of the eligibility criteria, and the introduction of support mechanisms to assist SMEs in their IPO process. It would also be beneficial to develop awareness-raising and training programmes for SME managers on the long-term benefits of raising capital on the financial markets.

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