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Public Governance Vs Good Governance: Outlining the Concepts

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ABSTRACT

The transformation of public sector has been changed all over the world since last quarter of twentieth century. The rapid changes in the public sector are due to the globalizations demands and complexity in the fast-changing world. Thus, the changes had led to the rise of the corporate governance in the public sector which had changed the future of the public sector itself and growth as well. The changes in the public sector had strengthened the core and functions of the public sector at the same time. Hence, the rise of the corporate governance had response to the failure, incompetent, corruption and efficient as well. This paper will examine the elements in the governance which focus on two points in the corporate governance; public governance and good governance. The corporate governance in the public sector can be seen in the elements of public governance and good governance which had changed the perspectives of public management entirely.

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INTRODUCTION

The terms of governance are different in some organization but what is important is the meaning of the ‘governance’ itself. According to the Developing Governance Group [10], they described the terms of governance as “the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation”. Francis Fukuyama [12] has stressed that governance is about the performance of the organization which emphasize on the function of the agents in order to carrying out the principals. The principals are not about the set of principals which had set by the top management but the wishes of the governance. He also described the functions of the organizations can be better or worse and it is all about the execution of the governance or it could be tumbled in to the domain of public management which contradict to politics.

World Bank had come out the report in 1992 which highlighted on the ‘governance’ in the “Governance and Development” report, it said that “governance” is about the practices for the economic and social resources for development. In addition, they have come out with three distinct aspects of governance that can be categorized into “the form of the political regime”; “the process by which authority is exercised in the management of a country’s economic and social resources for development”; and “the capacity of governments to design, formulate and implement policies and discharge functions”. The criteria of governance can be specified by the definition which could be significant to the factors that could reduce the poverty and increase the economic growth. These six elements are:

- a) continuous of organisational forms
- b) property rights and rule-based governance
- c) quality of budget and public investment process
- d) efficiency and equity of revenue mobilization
- e) efficiency and equity of public expenditures
- f) accountability and transparency

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As mentioned by World Bank [10] in Santiso [34], the concept of governance is “the manner in which power is exercised in the management of a country’s economic and social resources for development”. Besides that, the World Bank [40,41,42,43,44] had underlined the governance consists of political reformations especially on how the top management or authority manage the country’s economic and resources for development also how the government plan, implement and convey the policies to the public. However, Keefer [22] said, ‘there is no agreed definition of governance that would provide a convenient device for organizing the literature’, which explained there were no terms that could be the best term in describing the governance.

In addition, the study on the public reformation will focus on the two elements in the governance; public governance and good governance within itself. These elements are the focus points in this paper in examining how the good governance and public governance can be examined based on the previous study especially underlining the concepts of the corporate governance itself.

Problem Statements:

The idea of good governance does not show the perfect form of the governance but somehow there would be some imperfection in the perfection. In this matter, the imperfection or weaknesses of governance could be seen in some factors of good governance itself. Some of researchers and previous studies had questioned the good governance agenda especially some of them claimed it is better than public governance. In order to examine the weaknesses, we can see on the idea of the good governance itself when it has provided a dais to questioning the institutional changes and capacity which claimed to be the essence for the development.

This paper also will be highlighting the weaknesses in public governance as well which is the other parts of corporate governance in public sector. According to the Andrew [4], the limited of literature reviews on good governance are due to the inconsistent of the literature reviews. Somehow, he discovered the North’s new institutionalism which consists of the arguments in the organizations matter and the differences of the structure in government which reflected different results. However, this is not enough in determining the effective government especially in organizational perspective. Generally, the concepts of good governance confuse the theory building between the relationship of governance and growth.

The issues faced by the public governance due to the wide challenges arise from current governance style, continuous tense from the emerged of the public sector governance, the implications of the practices towards the good governance, opposed outlines and ambiguity in the present environment. Another challenges faced by the public governance are the transitions forms become inefficient and unproductive, the expectations of becoming crucial in the future which involved many parties also the major features of the systems.

Research Objectives:

This paper aims to identify the concept of the governance which lies in the terms of public governance and good governance. The study focuses on the terms of the public governance and good governance, the weaknesses between these terms and improvements on the terms as well. The following objectives are:

- a) To define the terms between public governance and corporate governance.
- b) To examine the weaknesses or issues faced by the public governance and good governance.
- c) To explore the improvements in the public governance and good governance in order to create better governance in the future.

Literature Reviews:

This article will be stressed on the terms of the public governance and good governance, the issues of the both terms and the improvements on the terms as well. The explanations will be highlighted on the important areas in these terms which will emphasize on the concepts of these governance forms. It is crucial to have better understanding on these terms since the corporate governance seems still becoming the issues in determining better governance in the future especially in the public sectors. Thus, the cognizance on the governance should be broaden in order to have a clear vision on these terms. As mentioned on the above, the study will be focused on the terms, weaknesses and improvements.

Governance:

Good Governance:

According to the Charity Governance Review, “Good governance matters to us as regulatory, because it promotes compliance with the law and has a strong bearing on a charity’s effectiveness in achieving its mission”. It also should be more transparent that could encourage the trust within the organization and public as well. Kaufmann, Kraay and Zoido-Lobaton stressed that researchers at the World Bank Institute has highlighted six major scopes in the good governance:

- a) Accountability
- b) Effectiveness

- c) Less of regulatory burden
- d) Rule of law
- e) Independence of laws enforcements; especially on corruption.

World Bank [40,41,42,43,44] described the governance involved the political forms which authorize the authority in managing the country's developments and economics also implementing the policies in the governing the government. On top of that, good governance might be the crucial element in reducing poverty and expanding development yet corrupted bureaucrats could be the only reason why the inefficient and pathetic institutions unable to design and implement the policies [31]. The term of good governance can be seen in various field for instance in the multilateral agencies such as UN, IMF, Inter-American Development Bank (IADB) and the European Commission also it is a process which refers to the power which lies in the management of the nation while identify the key elements of good governance as well [31,3].

Paul Wolfowitz on 11 April 2006 during his speech, he said "In the last half-century we have developed a better understanding of what helps governments function effectively and achieve economic progress. In the development community, we have a phrase for it. We call it good governance. It is essentially the combination of transparent and accountable institutions, strong skills and competence, and a fundamental willingness to do the right thing. Those are the things that enable a government to deliver services to its people efficiently".

In some banks, the Bank had identified the base elements of good governance such as accountability, participation, probability and transparency [2]. In the Annual Report 2010 of EBRD, good governance has not been used widely in their document but they refers it to "good corporate governance" in all activities especially operations, programmes, strategies and other also they highlighted good governance with some related issues like democracy, rule of law, human rights and economics. In addition, "five principles underpin good governance and the changes proposed in this White Paper: *openness, participation, accountability, effectiveness and coherence*. Each principle is important for establishing more democratic governance. They underpin democracy and the rule of law in the Member States, but they apply to all levels of government—global, European, national, regional and local".

UNECA [36] has summarized the good governance as "a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to the public" while the World Bank [39,41] explained the elements of good governance:

- a) The need to improves financial and human resources
- b) Reliable and independent judiciary
- c) Transparency in enhancing the policies, public needs and overcome the corruption.

Public Governance:

On the other hand, Nzongola-Ntalaja [29] explained the governance can be separated into three kind of governance; political or public governance, economic governance and social governance. Manning and Kraan (2206) described the public sector as an activities which started with public funds no matter it is from the core of the government or a direct transfer which could form a guarantee for the public while economic governance as a mechanism use by the organizations to create and allocate services and properties. Lastly, social governance can be seen as a system of values and principles which seems to be necessary for the public needs.

However, the differences in the importance of the governance had led it to different meaning of governance itself which seems to be neutral since these three elements are on the same level. Governance consists of complex progress, mechanism and bonds between public and authority since the society will decide important decisions, who will be involved and the way they manage the account [14,8]. Governance also about how the State serves publics and actors and how they manage the resources.

Public governance also can be seen as a way which actors interact with each other that could influence the output for the public policies [6]. However, the definition seems to be hard to explain although many practitioners may use it widely because it is hard to recognize in the contexts of academics. This new public management seems to be focused on the measurement of the results (output) which they are expected for the desired results. It also about the stakeholders interacts with each other in order to achieve better decision. Somehow, some of the practitioners mistaken the functions of public management and public governance because public governance is not a part of public management [6].

The Issues On Good Governance And Public Governance:

Good Governance:

Kurtz and Schrank [24] described the good governance as "the quality of public administration" and "government effectiveness" yet it was rejected by Kaufmann et al. [21] because they discovered that they had defined it too narrowly. This governance is not different than the others and cannot be related concepts. As mentioned by Bollen [5], he summarized that 'political liberties' existed in order to express the political opinions in the media and political parties. Hence, 'democratic rule (or political rights) exists to the extent that

the national government is accountable to the general population, and each individual is entitled to participate in the government directly or through representatives' [5].

Besides that, the 'liberal democracy' and 'good governance' was not clear and these terms practice the "democracy and representation, human rights, the rule of law, accountability in government and particular institutions" also it a bit confuse when it comes to the theoretical utility yet it was failed in achieving the definitions and measures for good governance [13]. The concept of good governance confused theory building in order to discuss the relationship between governance and growth but it was accepted since they discovered the evidence was clear [28]. Knack and Keefer [23] explained the 'clear' evidence was the impacts on certain parts of governance but not the whole part of the governance and they described it as the impact on the property rights. Acemoglu et al. [1] agreed with the Knack and Keefer [23] but some of them focused on the corruption [26,16]. On the other hand, the clear evidence can be seen when it support economic development than the institutions and good governance itself [32,17].

Public Governance:

The issues in this type of governance are especially in the globalization impacts due to the complex and broad concept. The globalization can be explained as "goods, services, financial products, information and cultures which are more mobile and spread "more freely" all around the world". The issues rise when the emerging of the global firms and the competition at the international level had led to the inequalities between the countries.

Thus, this global issues has triggered the importance of World Trade Organization (WTO) and International Monetary Fund (IMF) because the effects can be seen on the poorest countries in order to negotiating as they found it is hard for them in the issues of "international trade, markets and human trafficking" also the problem also due to the loss of sovereignty in some countries. Due to the globalizations, Cheema [8] explained the global organizations had offered their help in reform the developing countries economics yet it has made the public policies became globally also transformed the state-supplied services into private services [8,27].

During the 1990's most of the developing countries had nailed their currencies on the foreign currencies and this had led them into the stability of currency and less control in economic activities. It also led to the reduction of trade tariffs which had created greater markets for exporting the goods and minimizing the emerging industries potential in developing countries. In addition, the globalization had maximized the privatization among the public enterprises yet it also weakening public tax and rules systems.

There were four variables used to determine the size of governments, the determinants and evolution within the year of 1990 and 1997:

- a) The size of governments (measurements on the employment, share of employees).
- b) The size of governments (measurements on GDP in US Dollars).
- c) Central government expenditure.
- d) Central government tax revenue.

Methodology:

This paper examines on the concepts of the governance which is consists of good governance and public governance that has been seen as part of the corporate governance. This study will be executed by using the qualitative methods which can be applied on this study to examine the governance concepts. By referring to the previous study done by researchers, this methods can discover more on the practices of the public governance and good governance as well. This study also trying to identify the issues on the concept of governance and how does it could lead to the improvements or the failures in the context of governance.

Conclusion:

Expand of the concept of the public governance and good governance must be clearly defined because some of researchers agreed that some of the terms are not clearly defined yet this could lead to misinterpret on the concept. However, each of the concepts has some pros and cons which differentiates the public governance and good governance. Rise of the good governance due to the public governance but somehow researcher had discovered the good governance has some lacks on it which could not be considered as "good enough governance" nowadays. Thus, the study will emphasize more on the concept and the issues on the governance contexts and issues as well as mentioned above.

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