

## CHAPTER 25

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# GOVERNANCE

## Issues in Concept and Practice

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The profound and far-reaching effects of governance on contemporary societies have stimulated a worldwide interest in the subject (Ahrens 2002; Hyden 2002; Jain 2002; Jreisat 2001, 2004; Donahue and Nye 2002; Rosell 1999). Ineffective and corrupt governance has been blamed for conditions of poverty, economic stagnation, lack of political stability, confused priorities, corruption, and being an obstacle to sustainable development. As Werlin (2003, 329) argues, “Governance rather than natural resources is the primary reason for the wealth and poverty of nations.” Similarly, the ability of a society to prosper in a world of rapid change will largely depend on its ability to develop a more participatory and a more effective governance system (Rosell 1999, ix).

This chapter analyzes governance through three sets of issues and questions: (1) what is governance, why is good governance vital for the overall development of a society, and how has globalization effected governance; (2) what are the key attributes of a good governance system and how do we assess them, or measure them; and, (3) are there widely recognized imperatives or core values that signify good governance?

### FUNDAMENTALS OF A GOVERNANCE SYSTEM

Despite the apparent amorphousness of the concept of governance, it is possible to sharpen the focus a little by identifying some constant fundamentals of a governance system, and conditions that enhance its effectiveness. A governance system typically consists of structure, process, and outcomes.

#### 1. Structure

The structure is the form and the standard features of the authority system. The structure is comprised of various elements such as centralized and decentralized authority, organizational and institutional settings, agencies performing special tasks, and the pattern of authority and action that connects all such structural requisites of governance. The capacity of institutions and other structures to perform the functions of governance, effectively and efficiently, is a crucial measure of successful governance. The structure also signifies other characteristics of governance such as level of representation of the people and legitimacy of the authority system.

## 2. Process

The process defines the rules and the authenticity of methods of decision making. In theory, the process is expected to be oriented to deliver equitable outcomes of public policy and to promote common interests. In reality, the contrast is more recurring than generally known, the process becomes captured by powerful special interests, and serves, largely, to accommodate the narrow objectives of such interest groups. The main aspects of the process of governance are often designated by law or legitimated by a constitution. Other aspects of the process may rely on tradition and precedent, be informal, or even obscured. An open and transparent process, however, indicates genuine responsiveness to citizens' preferences in public policy formulation and implementation. Also, an open and well-reasoned process of decision making increases confidence in the integrity of the system of governance and its actions.

## 3. Outcomes

Outcomes are the measured quality and quantity of the overall results of the performance of governance, particularly in areas of public service delivery, attaining sustainable development, and improving the attributes of a civil society. Outcomes exemplify accountability of public decision making and illustrate the level of commitment to equity in the distribution of benefits as well as uniformity in the application of law and justice in the society.

Thus, governance is a complex web of structures, processes, and outcomes with society-wide impact. Structures and processes of governing are to ensure that outcomes are consistently and equitably responsive to a society's needs and demands. The practice of governance, however, points out that fidelity to rules and processes is not an assurance of the quality and effectiveness of outcomes. Procedural accountability is not equivalent to performance accountability. Over-conformance and excessive compliance to rules and procedures are known to create rigidities, undermine creativity, and weaken performance. A similar situation is widely revealed in critical reviews of literature on dysfunctions of bureaucratic systems.

## GOVERNANCE: DEFINITION, SIGNIFICANCE, AND CHANGING CONTEXT

Interest in the theory and the practice of governance is universal, with enduring search for defining concepts and practices within various cultures. Governance is defined by the United Nations Development Program "as the exercise of economic, political, and administrative authority to manage a country's affairs at all levels, comprising the mechanisms, processes, and institutions through which that authority is directed."<sup>1</sup> Similarly, governance is viewed as the general exercise of public authority (Michalski, Miller, and Stevens 2001, 7; Jreisat 2004, 1004). Derived from the Greek—*to steer*—governance is the process by which a society or an organization steers itself (Rosell 1999, 1). Essentially, governance is a system of many dimensions and has been described in different ways, depending on which aspect is the focus of analysis.

Governance is also an appropriate focus of analysis that permits illustration of the dynamic attributes of substantive public decision-making activities while providing a comprehensive view of the interconnections of the political and administrative spheres. In recent years, as Hyden (2002, 14) points out, the public administration literature and scholars have recognized that conventional jurisdictional boundaries of administration no longer have the same relevance as in the past in explaining what happens with formulation and implementation of policy. In many states, administration is bent in the image of governance.

Broadly conceived, governance is an inclusive function that includes, in addition to central government, other players who share in the responsibilities: local authorities, business, interest groups, voluntary organizations, mass media, religious establishments, and a variety of nongovernmental organizations. Governments increasingly rely on the private sector and partner with business for delivery of public policies. Technological innovations have blurred organizational and state boundaries, inducing a continual search for new and more realistic forms of governance to suit the global age. The central government in any society, however, holds the greater powers and responsibilities, facilitated by civil and military services. To succeed in an interconnected and rapidly changing world, societies need “to develop learning-based governance and decision making systems” (Rosell 1999, ix) where more people can participate in systems capable of operating effectively across shifting boundaries.

Focus on governance encourages people to think beyond the routine and incremental steps that do not call for change in existing rules. Like strategic management, Hyden (2002, 18) notes, governance becomes a way of looking at a problem in the context of the “big picture” of adapting systems of rules to changes in the environment, and encouraging leaders to find consensual and creative solutions to problems their constituents encounter.

Although nation-states still formulate policies, they do so in the context of an increasingly dense web of transnational networks, operating at different scales, with different, often overlapping mandates (Mahon and McBride 2009, 83). This context of state governance continually sets in motion demands for change and adaptation. A system of governance rarely stays in a static or fixed condition for a long time. Invariably, the system, the process, and the outcome of governance change, often distinctly rather than uniformly. Many important refinements and realignments of governance structures and functions have taken place in recent years, but disagreements and misconceptions of the most appropriate form and role of effective governance continue.

Historically, change of governance has mostly been progressive and gradual adjustments to citizens’ demands for better representation and participation in policy making, and adjustments for more freedom and greater concern for human rights. In contrast, change may be regressive, such as when the military takes over governance, curbs citizens’ freedoms, and concentrates political powers in few hands. A different type of change in governance, however, has been stimulated by globalization trends that required reexamination and adaptation of some traditional norms of governance. Similarly, change is prompted by transformation of societal attitudes and values, increasing pressures from within and from without a governance structure to abide by certain sanctioned values such as civil rights, ethics, and accountability. Not surprisingly chances of dissemination and implementation of these values and changes have been enhanced by information technologies, particularly the Internet, that have meaningfully altered tools of communication and effective governance (Jreisat 2004).

As in any social system, including governance, the most reliable source of change is through knowledge and education. Not only because knowledge is power, but also because the production and application of social and scientific knowledge harness social organization to economic growth as they assist policy makers and managers in their managerial activities (Mahon and McBride 2009, 83). An organization that can create, synthesize, legitimate, and disseminate useful knowledge can play a significant role in state and global governance. The interconnections of the technological, economic, and social aspects of modern society have come to be called the “information revolution,” a critical factor in the development of a new environment for governance. The image of an information society, however, is far more involved than processing information or offering telecommunication products. The information society is the end result of the interplay and the dynamics of many qualitative and quantitative factors that converge to produce a changed society.

These factors include knowledge and skills, effective public management, improved governance, and better-educated and more informed population (Rosell 1999, 2).

Information and knowledge are also essential for enhanced efficiency and effectiveness of both public and private organizations. But the negative side effects of the use of information technology have to be restrained as well from violations of citizens' privacy. Public outcry in the United States, for example, pressured lawmakers "to protect consumers from shady operators and commercialization run amok" (Dunham 2003, 40). Consumers are demanding that legislators rein in "spammers-jamming," e-mail systems, telemarketers interrupting family time, and credit companies trading in consumer financial data, and routinely intruding in people's privacy (Dunham 2003, 40).

The widening and deepening global integration reinforced mutual relationships among countries to unprecedented levels of "worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual" (Crocker 2002, 15). In their futuristic study for OECD countries on governance in the twenty-first century, Michalski, Miller, and Stevens (2001, 8) claim that technological breakthroughs and market-driven economic transformation have been potent forces in extending and deepening relationships of market forces. They regard the global economy as influenced by three sets of powerful changes that will sustain growth and wealth creation in the future: "the shift to a knowledge economy, much deeper global integration, and a transformation in humanity's relationship to the environment." From this perspective and within such a context, the rules and behaviors that shape the making and implementation of public decisions are also expected to change.

Convergence of relationships is illustrated by initiatives of the public administration profession in the United States, Europe, and other regions. For example, the American Society for Public Administration and the European Group of Public Administration have held various joint conferences such as the "Transatlantic Dialogue" to address the theme "The Future of Governance in Europe and the U.S." Among the incentives for such cooperation is the general search for new forms of governance that more appropriately serve common interests and improve response to global developments (Fifth Transatlantic Dialogue 2008). Moreover, collaboration with private sector organizations for delivery of public services and for technological innovations has encouraged citizens to become more active as consumers and co-producers of services. The consequence has been elevation of the levels of public concern about basic issues of governance such as ethics, legitimacy, accountability, and control.

A clear impact of globalization and regional integration in Europe, Asia, the Americas, and the Arab world is that national governance as well as international organizations have come to "rely more than ever before on reaching decisions through multilateral negotiations" (Metcalf and Metcalfe 2002, 267). In part, the reason for increasing reliance on negotiations is the growing importance of certain public policies and issues in areas such as economics, finance, environment, defense, and health. Negotiation is also a managerial process requiring capacity and skills to produce agreement and joint action. Improvement, however, necessitates "overcoming old attitudes and oversimplified assumptions and models of the negotiating process" (Metcalf and Metcalfe 2002, 269). Within public administration, collaborative public management is gaining thrust from growing collaborative management research, emerging collaborative organizational structures, and search for appropriate managerial skills. The collaborative emphasis in the literature supplements established public management theory (McGuire 2006, 33).

Nevertheless, it would be an oversimplification or a gross misunderstanding to regard globalization trends as moving in a linear path, ever intensifying and speeding up. The position of globalization enthusiasts, or "hyperglobalists," as David Crocker refers to them, is that the phenomenon of

globalization is a historically unprecedented and powerful set of processes that certainly result in a more interconnected and organizationally multifaceted world (Crocker 2002, 16). Skeptics, on the other side, argue that regional trading blocs may become alternatives to globalization. The global economic and financial crisis of 2009 is described as “the worst global economic downturn of the post–World War II era; it is the first serious global downturn of the modern era of globalization” (Stiglitz 2009, 11). It has become a real challenge to global economic integration, cross-boundary financial investment, and multinational corporate power. The crisis underlined the fact that with “globalization not only do good things travel more easily across borders; bad things do too” (Stiglitz 2009, 11). One of those negative consequences is that prosperity has not been shared and the gap in wealth and economic growth between developed and developing countries has not been reduced; in many cases it has increased. “The global financial meltdown has pushed the ranks of the world’s hungry to a record 1 billion, a grim milestone that poses a threat to peace and security,” according to recent estimates by the UN Food and Agricultural Organization (Rizzo 2009).

By the end of 2008, the private sector had won back at the global level the degree of freedom it had lost at the national level with the advent of the welfare state. At the global level, it did not encounter the equivalent of the state, an entity that can tax them, regulate them, and manage a redistributive process. This resulted in what Richard Falk (1999) refers to as “predatory globalization.” Skeptics of globalism also encouraged the United States to walk away from international agreements at the turn of this century, such as setting up an international criminal court, the Kyoto Treaty on climate change, and the Anti-Ballistic Missile Treaty with Russia. But the most serious action by Washington was the undermining of the concept and the practice of multilateralism, which has been “an underpinning of the global system since the end of World War II” (Prestowitz 2003, 22). In September 2002, the U.S. Administration, published “The National Security of the United States” as Prestowitz points out, “enshrining the doctrines of preventive war and overwhelming U.S. military superiority” (22). Even free trade among countries has often been used to reward those who yield to certain hegemonic policies and to punish those who do not.

In brief, although globalization is an indisputable reality, equitable globalization remains an illusion. Some important beginnings have been made by developing institutions such as the World Trade Organization to head off trade wars; UN agencies and international offices also set up frameworks to protect against abuse and to legitimate lawful economic, political, and social interactions within established methods (Rosell 1999, 21, 22). Nevertheless, the world was not spared the outcomes of the financial disaster of the 2009. Now, we see reaffirmation of the role of governance for repairing the damage, protecting the public interest, and reviving the regulatory function.

Whether one is an enthusiast or a skeptic, current U.S. policies (after 2008) have been readjusting to a more cooperative global posture, emphasizing dialogue, diplomacy, and multilateralism in resolving global issues and problems. A transformation of the global system into a more active, orderly, and cooperative system is now an official policy as President Obama recently declared, “All of us share this world for but a brief moment in time. The question is whether we spend that time focused on what pushes us apart, or whether we commit ourselves to an effort—a sustained effort—to find common grounds, to focus on the future . . . to respect the dignity of all human beings” (Obama 2009).

The above review defines governance and underlines its far-reaching effects. Also, it points out that in addition to many positive consequences, globalization caused some serious negative side effects ranging from fostering monopolies and domination to advancing ideologically inclined mass media and extremely large corporations. Still, globalization has generated new opportunities and new challenges for human development and the need to refocus the public administration

profession. In a sense, globalization is a triumph of capital investment and multinational corporate production, as it is an illustration of the magnificent achievements of technology and the ensuing information revolution. Global cooperation has become a necessity for resisting dangerous global threats to the environment, health, and security of communities everywhere. If countries are to realize the benefits of globalization and a spectacularly connected universe, they have to be enabled by competent management within good governance systems (Jreisat 2009, 42–43). Certainly, adaptation of governance in general and public administration in particular will be a challenging task for the foreseeable future.

## **MEASUREMENT AND INDICATORS OF GOVERNANCE**

What is “good” governance and how do we recognize it? There is no uniform use of the term. Good governance evokes many concepts and practices such as equitable distribution of power and resources in the society instead of excessive centralization of power and concentration of wealth in few hands. Good governance is also effective institutions, equitable policy outcomes, the capacity to aggregate and coordinate various interests to bring about agreements on policy action, and managing political and administrative institutions with accountability and transparency (Jreisat 2004, 1004). Many programs and initiatives have been undertaken to measure governance, develop indicators, and establish benchmarks. The crucial role and the transcendent quality of governance not only intensified the search for better explanations and deeper understanding of the subject, but also precipitated perpetual drives for reform and modernization. Among the widely known activities to define and to measure governance are five initiatives:

### **1. The World Bank**

Worldwide Governance Indicators have been developed by the World Bank as an attempt to build regular governance indicators that can be a crucial tool for policy analysts and decision makers. The indicators seek to facilitate benchmarking and measurement of performance. The World Bank Institute relies on a set of standards for effective governance that consists of six measures: (1) voice and accountability, (2) political stability and absence of violence, (3) government effectiveness, (4) regulatory quality, (5) rule of law, and (6) control of corruption (World Bank 2009).

### **2. United Nations Development Program**

In January 1997 UNDP published a policy document entitled “Governance for Sustainable Human Development,” articulating UNDP’s commitment to supporting national efforts for good governance for sustainable human development. The policy document followed UNDP’s first attempts to define the parameters of good governance in a 1994 document, “Initiatives for Change,” which stated that “the goal of governance initiatives should be to develop capacities that are needed to realize development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods.”<sup>2</sup> The UNDP also launched various activities to develop governance indicators that provide applied guidance to users while providing technical assistance in governing to specific regions of the world. Two particular programs have been the focus of field research and have significant practical thrusts: (a) The UNDP Governance Indicators Program (2007) is jointly produced with the Oslo Governance Center to provide a “user’s guide” that measures the performance of governments, the quality of public institutions, and people’s perceptions of various aspects of governance. The management of this



project emphasizes that “an indicator does not have to come in numeric form” (UNDP 2007, 1) such as classification of countries as free or not free. (b) The Program on Governance in the Arab Region was initiated in early 2000, to promote capacity building of governance institutions including legislatures, judiciaries, and civil society organizations. Advice and assistance have primarily focused on three main aspects of governance: participation, rule of law, transparency and accountability.<sup>3</sup>

### 3. Transparency International

Transparency International has been occupied with developing ethical, transparent, and accountable systems of governance. Progress in fighting corruption at the international level relies considerably on measurement or benchmarking. The most widely recognized tool in this regard is the Corruption Perception Index, which covered 180 countries in 2009. Primarily, Transparency International “seeks to provide reliable quantitative diagnostic tools regarding levels of transparency and corruption at the global and local levels” (Transparency International 2009).

### 4. Freedom House Survey

Freedom House Survey measures progress in developing political freedoms. The index is widely used by news agencies and researchers, and exclusively reports expert opinions on 192 countries since 1955. Experts, generally not based in the country, allocate a country rating based on responses to a series of questions. The scores for political rights, civil liberties, and combined freedom index run from 1 to 7, with 1 being most free and 7 being least free. Using the average of political rights and civil liberties indices, countries are considered free if they score 1–2.5, partly free with a score of 3–5.5, and not free with a score of 5.5–7.

### 5. Democratic and Nondemocratic Governance

This classification in the literature often tends to lump together under one descriptive term significantly different systems with diverse forms and practices of governance such as “*democratic*,” *Western*, or “*nondemocratic*,” *authoritarian*. But the democratic constitutional monarchies of Spain, the United Kingdom, or the Netherlands, for example, are not the same as the democratic presidential systems of the United States or France. On the other hand, the French presidential system is not entirely similar to that of the United States. The variation is far greater among non-Western, large systems, such as Japan, Brazil, Mexico, Egypt, China, India, South Africa, and Indonesia.

Over the years, democracy has been loaded with meanings and conceptions, even myths and ideologies that obscure its real values and attributes. The term *democracy* is one of the most widely used and abused characterizations of governance in politics. “The smug assertion that liberal democratic regimes alone are morally acceptable cannot be sustained,” as Rohr (2000, 215) points out. Not only would this be unrealistic, Rohr argues, “but, more importantly, it would be a form of historical imperialism that stands aloof in self-righteous judgment on how the vast majority of human beings have organized their civic lives over the centuries.” This does not mean that one may not favor a liberal democracy over authoritarian rule. It means, however, that the moral excellence of a liberal democracy cannot deprive a centralized or authoritarian system of moral legitimacy (215).

Inherent in this determination is a healthy regard for and understanding of societal history, culture, and common characteristics. One common characterization of democratic governance is

the following: “In the modern world there are no democracies without constitutions” (Chapman 2000, 221). This includes written and unwritten aspects of a constitution to encompass customs and conventions. But, while Chapman recognizes constitutions and elections as determinants of the legitimacy of governance, many examples exist of systems of governance that conduct regular elections and have constitutions, but lack fidelity to democratic values. Questions raised include the following:

- Are conducting a national election and having a constitution sufficient indicators, or do they constitute the main prerequisites, for classifying a state as democratic?
- Does a country remain democratic if its government fails to recognize the particularities of its minorities, oppresses them, openly practices racism, or habitually disregards international laws and conventions?
- Would a system of governance remain democratic when declaring itself a Muslim, Jewish, or Christian state, providing policy preferences to those who are members of the faith (and in such actions disadvantaging those who are not of the same faith)?
- Is democratic governance (constitutional and representative) still a good governance when not effective (lacking in capacity) and not successful in achieving sustainable development or improving conditions for the poor?

These and similar questions should modify an absolutist perspective. A constitution is a basic document that specifies the main structures and functions of a governance system. Nevertheless, history is replete with examples of totalitarian systems that have constitutions and conduct elections. Many examples indicate that governance systems that seek to melt away or exclude certain citizens on the basis of gender, religion, ethnicity, culture, or race, if not reformed, tend to drift to greater chauvinistic, nationalistic, and extremist practices. True, a constitution is a basic prerequisite, but it is an insufficient stipulation for democratic governance. That is why a reformist approach that seeks to align state-society relations by restructuring the rules that guide public action would ultimately resort to establishing and managing constitutional principles. Regardless, a constitution does enhance the democratic characteristics of a governance system when such a constitution explicitly affirms unfettered equality under the law for all citizens, safeguarding principles of equality in word and in deed, while ensuring genuine representation of citizens and free elections (Jreisat 2004).

Concluding that “more countries than ever before are working to build democratic governance,” the UNDP is committed to “promoting democracy through reform.” The UNDP experience in this regard illustrates that the challenge for the democratizing countries is to develop institutions and processes that are more responsive to the needs of ordinary citizens, including the poor, by building partnerships and “sharing ways to promote participation, accountability and effectiveness at all levels.” Also, the UNDP claims: “We help countries strengthen their electoral and legislative systems, improve access to justice and public administration, and develop a greater capacity to deliver basic services to those most in need” (UNDP 2009).

The various studies and political declarations on governance and reform, however, have not produced a universally accepted analytical framework or model. With a more precise meaning of governance, Hyden (2002, 17) points out, it is possible to distinguish between the distributive side of politics (how public resources are allocated), addressing the perennial question of “who gets what, when, and how?” and the constitutive side, which deals with the question of “who sets what rules, when, and how?” This distinction is particularly important to countries emphasizing policies for a sustainable development. The conventional needs approach that has dominated



international development assistance, for example, relies more on the distributive side and does not ask for changes in the rules of the game to achieve its objectives (Hyden 2002, 17). But sustainable development that focuses on empowerment and enhanced access to resources, also requires a change in the rules, and, by implication, a shift in power relations.

A practical illustration of governance, by a ruler with a clear purpose, is the following exchange about governance performance in a *Newsweek* interview (2009) with the president of Brazil (Luiz Inácio Lula da Silva known as Lula):

Question: “You are probably the most popular leader in the world, with 80 percent approval rating. Why?”

Answer: “Brazil is a country that has rich people, as you have in New York City. But we also have poor people, like Bangladesh. So we tried to prove it was possible to develop economic growth while simultaneously improving income distribution. In six years we have lifted 20 million people out of poverty and into middle class, brought electricity into 10 million households and increased the minimum wage every year. All without hurting anyone, without insulting anyone, without picking fights. The poor person in Brazil is now less poor. And this is everything we want.” (Zakaria 2009)

Finally, the literature on governance is replete with initiatives and methods to gauge what constitutes good governance or some aspects of it. No one approach is sufficiently valid, comprehensive, and free of preconceived views. Even characterizations such as democratic, or the opposite, are neither value neutral nor free of cultural burdens. A reliable characterization of good governance has to reflect diverse fundamental cultural and political values of the society. Moreover, any dependable measurement of governance has to be a composite of many variables and principles. Nevertheless, apart from conceptual fluidity and lack of uniform application, an examination of governance theory and practice often leads to discernable, integrative, and pivotal dimensions of governance. These dimensions, particularly those related to performance, become the justification for recognizing and differentiating good governance from the opposite.

## CORE VALUES OF GOVERNANCE

A basic challenge facing effective governance is the development and implementation of agreed upon core values and policies to guide decision making. It is widely believed that there can be no useful measurement of effective governance without identifying these core values and the degree of fidelity to them in action.

1. *Good governance is ethical and accountable governance.* Ethics permeates all aspects of governance. The “connection between ethics and governance is immediate,” Rohr (2000, 203) concludes. A report, *Trust in Government*, for the twenty-nine OECD countries, provides a comprehensive overview of ethics measures, trends, promising practices, and innovative solutions taken by member countries. The report clearly states: “Public ethics are a prerequisite to, and underpin, public trust and are a keystone of good governance” (OECD 2000, 9). Thus, integrity, in addition to capacity, has become a fundamental attribute, indeed, a condition for good governance.

2. *Good governance creates trust and promotes broadly shared values, particularly accountability and sustained openness and transparency.* This means relevant information is openly discussed, mass media are free to report, and professional exploration and learning processes are unbound in conducting their functions. A study by the OECD (2000, 11) offers these specific, additional measures:

- Public servants' behavior is in line with the public purposes.
- Daily public service operations for businesses are reliable.
- Citizens receive impartial treatment on the basis of legality and justice.
- Public resources are effectively, efficiently, and properly used.
- Decision-making procedures are transparent to the public.
- Measures are in place to permit public scrutiny and redress.

3. *Effective leadership is indispensable for establishing an overall framework of collective and strategic goals, interpretations, and shared values, both within government and across society.* It is often said that "leadership defies simple formulations and easy solutions" (Beinecke 2009, 1). But Donna Shalala (2004, 349) offers an insightful perspective, rooted in rich practical experience that sums up the main functions of professional competent organizational leaders and managers as follows: They "set standards, communicate a vision, choose staff based on competence and character, encourage team work, cultivate transparency, care about employees, and respond constructively to feedback." In brief, competent and ethical leadership is a key to a wide range of necessary activities for achieving critical program and policy objectives as well as serving common values, the foundation of good governance.

It is important here to point out that core values that shape governance in all societies and stimulate meaningful shifts in authority relationships clearly stress distribution of power and mechanisms to safeguard against its concentration at the top. The character of governance and the methods of exercising power have changed over time. Authoritarian regimes have been undermined by forces of democratic values, economic competition, new means of communication, education, and far-reaching global interactions (Michalski, Miller, and Stevens 2001, 9–11). In all countries, developed and developing, people expect their leaders to improve quality of life in general but also are concerned with specific issues that matter greatly to most people such as work satisfaction, adequate healthcare, a clean environment, and educational opportunities. Consequently, representation and decentralization have been elevated to the top of the list of values sought by reformers of governance.

4. *Governance is where rules and legal standards for orderly conduct and progressive social transformation are constructed.* During the first decade of this century, conservative political leaders and their associates of ideologically inclined pressure groups, allied with those captivated by the "magic of the market," sought, with some success, to restrict the regulatory role of governance. Such efforts contributed, significantly, to the economic disaster of 2009. The huge size of business corporations compromised healthy competition, became impediments to innovation, and exerted corrupting influence in politics (Greider 2009, 11–12). Weakening antitrust laws allowed concentration of economic power under a few corporate entities, which were deemed "too big to fail" and thus had to be bailed out by taxpayer money.

The incredible size of some firms in the finance and banking field, for example, is illustrated by the following statement from the chief executive officer of Citigroup: "We are in 109 countries around the world. We move \$3 trillion to \$9 trillion in cash every day around the world, and 99 percent of the Fortune 500 are our clients." This CEO made a remarkable statement when asked whether he was concerned about the potential of government "overregulation." He said: "It is really about governance. You need to ensure that good governance keeps the market going, keeps growth going, and at the same time makes sure that we have systemic stability."<sup>4</sup> Thus, in the end, governance has to contend with economic disasters, avoid mistakes of the past, and free the productive capacities of the society from concentrations of power and mismanagement of capital.

5. *New and modified political and administrative forms and perspectives are displacing early*

*models of organization and management, employing hierarchical, command-and- control paradigms.* Attempts to reinvent government and to emphasize total quality management, team building, performance measurement, and empowerment of employees have contributed significantly to a meaningful transformation of contemporary governance, even if application of these new organizational and managerial changes has hardly been uniform. The diffusion of techniques of organizational learning played an important role in the evolving transition that is ushering in a culture of governance that fosters delegation, representation, transparency, and accountability. To be sure, the trend has not been linear or painless, but recent history clearly shows that the power to govern has diffused away from the centralized autocratic rule to a broader base of elected representatives, professional public management, and active involvement of the governed (Michalski, Miller, and Stevens 2001, 7).

Finally, a critical attribute of a “good” governance system includes the capacity to act in the public interest. A wide range of governance structures and practices have been presented as good governance attributes. But these attributes by themselves remain insufficient unless they yield effective delivery of public services, improve citizens’ trust, and confirm the legitimacy and the capacity of institutions to make decisions with competence and integrity. The list of failures and deficiencies of governance in many settings that did not adhere to core values can be quite lengthy. Too many political leaders fail to advance sustainable and equitable political and economic policies that are institutionally rather than personally based. From countries of the West to Latin America, Asia, and Africa, the similarities of issues and problems of governance are truly remarkable. Ineffective governance repeatedly failed in facing the modern challenges and the growing demands to protect citizens’ rights and liberties (Jreisat 2004, 1014).

Many countries seem unable to master the rules of the game in the era of globalization. To be an equal player, not a mere subject of the new global order, effective governance is a condition for cultivating the benefits of the unfolding globalization. Current scholarship on governance is struggling to free its coverage from traditional literature in comparative politics and comparative political theory that only infrequently ventured outside the cultural boundaries of Europe and the United States. Traditional scholarship has also been less interested in institutional reforms and conditions of political thought outside Western democratic models (Macridis and Brown 1990, 2–3). Accordingly, if and when elicited, information about governance in developing societies, for example, has largely been shaped by their failures rather than their achievements or potentials.

Moreover, governance has been measured by the degree of realization of the democratic ideals of the West and of self-sustained growth, relying on the private sector. Reliance on the private sector for steering economic growth and development, however, assumes the presence of a lean state, thriving private nonprofit associations of civil society, and non-monopolistic free domestic and world markets. Achieving this synergy requires other preconditions, particularly checks and balances in the market and a representative government. But actual experiences in many countries undermine assumptions about key instruments of effective governance such as the presence of perfect market competition and adherence to cherished societal values of liberty and the rule of law.

Although public administration institutions and processes are central to effective governance, they are often pejoratively referred to as the bureaucracy, which has been blamed for many failures of today’s governance. The literature on bureaucratic failures and shortcomings is too lengthy to document in this analysis.<sup>6</sup> A different question, however, is Baaklini’s thesis in which he examines the role of public administration in developing countries, and whether its theories, approaches, and institutions were prepared to face the formidable challenges of the twenty-first century. One particular challenge is the democratic transformation that took place in many of these countries during the last decade of the twentieth century and the institutional and technological change that accompanied this

democratic transition (Baaklini 2001, 57–70). Theories suggesting international diffusion of common public administration professional standards leading to efficiency, effectiveness, and responsiveness imply hope for change in nations that are afflicted with dictatorship and personal and predatory rule. The global diffusion of “modern organizational culture” will presumably irreversibly enhance the management capacities of these systems and promote good governance.

Global developments and growing international interconnectedness have been forcing reconsideration of the traditional assumptions, propositions, and principles of public administration. In fact, comparative public administration, the new public management, and the recent international public administration are attempts to discover and to apply best practices. The discourse on global public management capacity enhancement has not resolved issues of how to institutionalize appropriate organizational structures and processes within diverse cultural, economic, and political influences. To what extent organizational structures and processes are culturally determined is not established yet, nor do we know how the norms and conventions of the culture within which an organization is embedded influence the organization’s rules of conduct. Success or failure of reform may ultimately depend on the extent to which these rules of conduct promote organizational forms and behaviors that are not too discordant with local institutional contexts. Thus, it is important to adopt an approach to public policy and to governance reform that considers the whole system as an integrated set of structures and functions more than past endeavors have.

An appropriate summary of some critical core values from a consummate practitioner of governance is this statement by U.S. president Obama:

No system of government can or should be imposed upon one nation by any other. That does not lessen my commitment, however, to governments that reflect the will of the people. Each nation gives life to this principle in its own way, grounded in the traditions of its own people. . . . But I do have unyielding belief that all people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that is transparent and doesn’t steal from the people; the freedom to live as you choose. (Obama 2009)

## CONCLUSION

The various perspectives presented in this chapter are an attempt to formulate a composite picture of good governance, illustrating the complexity of such a task. Certainly, there is no universally accepted model for defining and measuring a proper, effective, and equitable system of governance. Historical and contextual factors brought about what seem to be countless changes of vision and endless variation and contrast of practices of governance in many countries. Such a conclusion, however, should not cloud the many common features, nor deny the trends that have been converging above and beyond the usual exhortations about the virtues of democratization or the panacea of market capitalism that regularly show up in the literature.

Governance is much more difficult to put into one mold, particularly in times of rapid change. The wide range of theories and practices of governance illustrate the need for a continuous adaptation of whatever structures and processes are in place in order to be able to deliver policies and services that respond to society’s needs and demands. Thus, institutional dynamics and reform initiatives and strategies are integral parts, if not the ultimate objectives, of most tinkering with theory and practice of governance. Specifically, good governance is not an endowed or a static construct; it continually evolves, adapts, and improves in order to be more responsive to society’s needs and reflective of gained knowledge and experience.

In the final analysis, the most appropriate and reliable indicator of the efficacy of a governance system is its performance and outcome. Failures of the state to implement effective reform programs, particularly those that aim at achieving acceptable rates of economic growth, improve accountability and openness, build political and administrative institutional capacities, and develop social and civil society foundations, have profoundly undermined confidence and trust in the contemporary state and its leadership. Such failures provided a rationale for the growing role of the marketplace as an alternative to the berated performance of the institutions of the state. Despite the common realization that the market is not and cannot be a substitute for public policy, one still hears constant calls for “the free market to work its magic.”

It is a fact that many countries have a long way to go before building effective institutional frameworks of governance, notwithstanding the abundant prescriptions offered for improvement. A primary objective of most suggested frameworks is to vitalize and integrate the critical functions of the executive, legislature, courts, press, and civil society. While there is only scant evidence on what reforms and policies have succeeded and what have not, governance continues to be more than government and more than the elements of investment and market behavior. A foundation of good governance is outcomes that extend to less discernible aspects of society such as application of equal political, economic, and legal rights as well as harmonizing effects of globalization and modern technical change on communities and cultures.

Thus, governance is a multifaceted, multidisciplinary area of study that encompasses, among other things, elements such as leadership, institutions, public administration, culture, history, politics, and economics. It is an integrated system of many dimensions that delivers basic functions to society. In addition to structures of decision making, governance empowers institutions to serve people and to provide necessary outcomes for their security and welfare. Rules and processes of governance are not neutral in practice and can distort outcomes of a governance system. Thus, independent evaluation, audit, investigation, legislative oversight and similar instruments are regular features of responsible governance. The distinction between governance as an analytical concept and governance as operational processes separates the form from the practice of public authority in managing the resources of the society. It is in this exercise that the capacities of governments to design, formulate, and implement policies are tested. While the processes have been subjected to continual evaluation and appraisal from inside and from outside of countries, such judgments have often been rendered mainly on the form or structure of authority and its shortcomings rather than on the overall performance of the system of governance.

## NOTES

1. <http://www.undp-pogar.org/resources/publications.aspx?t=0&y=3&p=0> (July 11, 2009). Also see United Nations Development Program (UNDP), *Governance Indicators: A User's Guide*, 2d ed. (Oslo: UNDP Oslo Governance Center, 2007): 1.

2. <http://www.undp-pogar.org/resources/publications.aspx?t=0&y=3&p=0> (July 11, 2009).

3. The activities of the Program on Governance in the Arab Region, which include providing policy advice, engaging in institutional capacity building, and testing policy options through pilot projects, revolve around the main concepts of participation, rule of law, transparency and accountability. Website: <http://www.pogar.org/>.

4. “Man on a Tightrope,” an interview by Maria Bartiromo with Vikram Pandit, CEO of Citigroup, *Business Week* (June 22, 2009):13. Also online (June 10, 2009): [http://www.businessweek.com/magazine/content/09\\_25/b4136000706313.htm](http://www.businessweek.com/magazine/content/09_25/b4136000706313.htm).

5. The reinvention of government movement and the new public management are two commonly known illustrations of the attacks on traditional bureaucracy.



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