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# GOOD GOVERNANCE: NORMATIVE *VS.* DESCRIPTIVE DIMENSION

Literature Reviews

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## Abstract

*The concept of "good governance" was used for the first time in the 1989 World Bank Report – Sub-Saharan Africa: From Crisis to Sustainable Growth. A Long-Term Perspective Study – and has already made history in international studies, especially after the breakdown of the communist regimes. The governance has to do with authority, decision-making and accountability.The good governance is defined as the capacity of the government to manage a nation's affaires, to provide economic development, welfare for citizens, and social protection for the poor.*

*In this article,the concept of good governance is analysed according to two main dimensions: the normative dimension which comprises principles, values and norms that are guiding the international community and the governments in the management of policymaking process;the descriptive dimension which refers to the practical aspects of implementing the good governance's standards as policies, programmes and structural reforms with the aim of solving or ameliorating the problems of developing countries.*

## Introduction

In everyday language, the term governance is associated with the government, the functioning of the executive branches and their bureaucracies. Governance means more than just a "government". It has to do with the relations between the government and the governed or, in other words, between state and society.

In the Report of the Commission on Global Governance – *Our Global Neighbourhood* (1995) – governance is defined as "The sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuous process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed on or perceived to be in their interest" (Henry, 1996).

Good governance refers to the state capacity to produce economic growth and welfare for the citizens, to protect the human rights and all liberties, to develop policies and administrative mechanisms through which the vulnerable are beneficiaries of social protection measures.

Speaking about this issues, Kofi Annan, Secretary-General of the United Nations, said that "Good Governance is perhaps the single most important factor in eradicating poverty and promoting development".

## The concept of good governance

One of the most important steps in every social science research is to clarify the meaning of concepts used in defining problem which is analysed – good governance, in this case. One of the most quoted works dedicated to the analysis of concepts in social sciences written by Carl G. Hempel (1952) distinguishes three types of definitions: 1) the ostensive definition which does not need words to explain a concept, but simply indicate the "object in study" in the immediate reality (e.g. governance); 2) the nominal definition which appeals to other terms to clarify the meaning of a concept (e.g. good governance); 3) the operational definition, which refers to the translation of concepts in "observable events" or in their operational dimensions, variables, indices and indicators (Oscar Hoffman, 1977).

The operationalising of concepts is an approach that transfers the researcher's concern to the subject, from theoretical to empirical dimension (concrete, observable, measurable). Paul F. Lazarsfeld built a path "from concepts to empirical indicators" in a sequence of four main steps: 1) imaging representation of the concept; 2) analysis of "components" concept or "dimensions"; 3) selection of indicators which are describing observable characteristics or variations of each analysed component; 4) synthesis of the indicators.

The concept of good governance is operationalisingin two main dimensions: 1) the normative dimension which comprises principles, values and norms that are guiding the international community or the government in the management of policymaking on different levels (supranational, national, and local) and 2) the descriptive dimension which refers to the practical aspects of implementing the good governance's standards as policies, programmes and other kinds of political, social and economic reforms with the purpose of solving or ameliorating the problems of developing countries.

## The Normative Dimension of Good Governance

The normative dimension – principles, norms, and values – plays an important role both in international relations and in internal affairs of state. How normative dimension matters is highly debated among social scientists, lawyers, policymakers and international experts. By explaining the conceptual differences on norms, one can emphasize their distinct impact on the substance of governance (Wiener, 2007, p. 47).

Paraphrasing Antje Wiener, we may consider that by highlighting the normative dimension of good governance we can go into the substance of governance no matter what level of its actions is: global, national, or local. According to Peter Katzenstein, a much known scholar in international relations, by using the normative dimension you can "describe collective expectation for the proper behaviour of actors with a given identity" (Katzenstein, 1996, p. 5). In addition, norms are considered as "spontaneously evolving, as social practice; consciously promoted, as political strategies to further specific interests; deliberately negotiated, as a mechanism for conflict management or as a combination, mixing these three types" (*ibidem*, p. 21).

Good governance has a deeper normative implication which refers to some ethical principles, norms and values. This section is aiming to describe the key principles of good governance, their theoretical foundations, how these principles contribute to enhance the quality of governance in developing countries, and how might we use these principles as a quality standards in assessing the current social, economic, and political performances of a particular country.

Defining normative dimension of good governance is not an easy task. A starting point can be provided by the classification of key principles of good governance according to four major domains of activity: 1) international donor community and its institutions (Word Bank, International Monetary Fund, United Nations Development Programme, Organisation for

Economic Co-operation and Development); 2) public sector represented by government and its branches (regional and local public administration); 3) private sector with the world of businesses and multinational corporations; 4) civil society with the voices of NGOs, professional associations and interest groups.

**The Key Principles of Good Governance**

United Nations Development Programme (UNDP) in its report about *Governance and Sustainable Human Development* (1997) enunciates a set of principles that, with a few variations is shared by the other agencies of the international donor community. The UNDP Report formulates five key principles which have a universal recognitionnowadays. These principles refer not only to the results of exercise of power but the way in which power is exercised (Graham *et. al,* 2003, p. 3).

The first principle is "Legitimacy and Voice" and means that all the people, without any differentiation, should have provided the conditions – freedom of expression and association – to be able to participate critically and constructively in the decision-making process of the public institutions. According to this principle, good governance accommodates different interests, mediates between citizens and institutions to establish a social dialog and a consensual approach which is in the best interest for everyone.

The second principle is "Strategic Vision" which supposes that ruling elites, leaders and the public have a long-term perspective about the social and economic aspects of the societal development. Strategic vision or "Direction" has to be a plausible explanation on the historical, cultural and social complexities of human development.

The third principle refers to the performance of the institutions to serve the public interests and to produce quality services for the citizen who wants to access them. Institutional performances involve the fulfilment of the following three conditionalities: 1) responsiveness – the institutions try to serve all stakeholders; 2) effectiveness – institutional processes produce results the meet the needs; 3) efficiency – institutions and policymakers are trying the best use of resources.

The forth principle is about "Accountability" of the policymakers, leaders and elites in the policymaking process both to the public and stakeholders. Accountability implies transparency of the policymaking which means the free flow of information, openness to all people concerned on it, providing enough information to understand and to monitor the decisions.

The fifth principle is "Fairness" which is based on equity – all men and women have equal opportunities to improve or to maintain their well-being, the community life standard. Also, fairness is conditioned by the functioning of rule of law which means legal framework to protect the human rights and liberties, to prevent and to punish all the citizens who are trying to break the law.

Of the above five principle, "Legitimacy and Voice" and "Fairness" have embedded in the United Nations Universal Declaration of Human Rights (1948) and its half a century of accomplishments in this field of activity (*ibidem*, p. 4). Those five principles of good governance are shared by the other institutions and agencies from the international donor community and influence the implementing of good governance's standards in other areas of activity.

**The Government and Issue of Good Governance**

The government and its administrative branches must have serious concerns about the quality and the cost of public services delivered to the citizens taking into account the fact that those are taxpayers. In the consolidated democracies like Western countries there is a principle that says that taxpayers are entitled to receive quality public services. Good governance comprehends itself all sections of governance and all administrative levels of society – national, regional, and local levels. In this respect, good governance supposes the following actions:

- Developing the capacity and capability of the governing body to be effective;
- Establishing legitimacy of government and governance and promoting credibility of public institutions;
- Ensuring the accountability of political elites according to the public expectations;
- Removal of arbitrariness in the exercise of authority;
- Providing accessibility and feedback toward mass-media requests of information;
- Eradicating of corruption to re-establish the credibility of government and its administrative branches;
- Promoting ethics within public institutions and demonstrating the principles of good governance through attitudes and behaviours;
- Improving productivity among public servants;
- Enhancing responsiveness of public administration;
- Using cost-benefit analysis, cost-results analysis, and risk analysis in formulation and assessing the quality of the public services;
- Using IT&C base services to improve the accessibility of public as an interface between government and citizens and to increase the satisfaction toward

governmental policies, programmes and other measures.

Good governance implies liberal democracy, competitive market economy, accountability of governmental elites, public official and policymakers, competence of government to make policies as a response to the social and economic problems of citizens, deliver public services according to people's expectations, to have respect for the human rights, ensure the independence of justice, and protect the rule of law.

**The Private Sector and the Good Governance**

The governance of the private sector (business and corporate) depends on the political and legal society framework. It is a significant difference to do business in a country with a democratic regime and competitive market economy in comparison with doing business in a country with an authoritarian regime and centralized economy.In this respect, the Organization for Economic Cooperation and Development (OECD) released a corporate governance framework to provide guidance and suggestions for corporations, investors, banks, multinational companies that play an important role not only in society but in the global community.

According to OECD's vision, "corporate governance is one key element in improving economic efficiency and growth as well as enhancing investor confidence. Corporate governance involves a set of relationships between a company's management, its board, its stakeholders and other stakeholder" (*OECD Principles of Good Governance*, 2004). The OECD's principles of good corporate governance are the following:

- Good corporate governance (GCG) should contribute to the development and improvement of a competitive market economy, and be consistent with the rule of law and clearly articulate with the regulatory public authorities that are enforced to apply the law (*ibidem*, p. 17);
- GCG has to provide a framework in which shareholders have to participate in the general meetings of the company, to obtain relevant information about the strategic decisions, to elect or to remove members of the company board when they disagree with the strategy, projects or outcomes, and to share the profits of the company or to decide how to invest their profits (*ibidem*, p. 18);
- GCG implies equitable treatment of all shareholders, including minority and foreign shareholders, and establishing the role of stakeholders in creating wealth, jobs, and sustainability of the financial sound enterprises (*ibidem*, pp. 20-21);
- GCG should ensure that timely and accurate disclosure is made on all material matters regarding the company, including financial situation, performance, ownerships, economic outcomes (*ibidem*, p. 22);
- GCG provides the strategic guidance of the company, effective monitoring of the management of the board, and the accountability of the board to the shareholders, stakeholders, industry in which it works, and for the environment society that may be affected by the activity of the company.

Good governance is used within the business sector to evaluate and to improve the financial performances and social corporate activity of the companies that are playing a key role in society.

**The Civil Society and the Good Governance**

In the democratic countries, civil society, also known as non-governmental or voluntary organizations, plays a key role in the policymaking process. The NGOs are part of the social dialogue and public consultations engaged by the government and the governors.

Good governance implies transparency and participation of all major actors in strategic decision-making. Nowadays, the consultation of the social actors – business, labour, NGOs – is considered a prerequisite for democratic governance.

In the last decades, civil society organizations have become more and more aware of their potential in the policy process. In addition, the government understands that involvement of NGOs in policymaking brings responsiveness, efficiency, ethics, and sustainability for society and environment. NGOs have a direct contact with the community through which they are able to mobilize local resources necessary for policy implementing. In partnership with NGOs, the government is able to access an informal network of networks in getting public support for policy in crisis situations.

The principles of good governance of civil society and NGOs do not differ too much from those mentioned above. The Australian Institute of Company Directors elaborated in 2013a paper – *Good Governance Principles and Guidance for Non-for-Profit Organisation* (NfPO) – that comprises ten key principles available for civil society organizations in implementing good governance, starting with the boards and ending with the stakeholders:

- There should be clarity regarding individual director responsibilities, organizational expectations of directors and the role of the board.
- A board needs to have the right group of people, having particular regard to each

individual's background, skills and experience, and how the addition of an individual builds the collective capability and effective functioning of the board.

- The board must play an important role in setting the vision, purpose and strategies of the organization, helping the organization understand these and adapting the direction or plans as appropriate.
- By putting in place an appropriate system of risk oversight and internal controls, the boards can help increase the likelihood that their organization will deliver on its purpose.
- The degree to which an organization is working oriented to aimscan be difficult to assess, but this can be aided by the board determining and assessing the appropriate performance categories and indicators for the organization.
- A board's effectiveness may be enhanced through: careful forward planning of board-related activities; board meetings being run in an efficient manner; regular assessments of board performance; having a board succession plan; and the effective use of sub-committees, where appropriate.
- The board has to implement a system in which there is a flow of information to the board that aids decision-making. The system must provide transparency and accountability to external stakeholders. The integrity of financial statements and other key information is safeguarded.
- The board should assume a special task in enhancing the capacity and capabilities of the organization it serves.
- The board has the mission to implement ethical and responsible decision-making throughout the organization.
- The board helps an organization to engage effectively with stakeholders.

In any approach of the good governance for the non-profit sector, the emphasis is on the role and responsibilities of the board members, executive director, and every staff leader in finding the most appropriate ways to strengthen effectiveness and efficiencies of internal working procedures, to promote ethical standards within community, to provide information to the public's request, to have a strong financial oversight, and to be accountable for the fundraising process.

**The Descriptive Dimensions of Good Governance**

Good governance is not only a collection of principles, norms, values that regulate a certain field of activity as international development community, national government, corporate sector or non-profit sector. As it was mentioned before, good governance has both a normative and a descriptive dimension.

The descriptive dimension is referring to the different forms of policies and regulations that are not implemented exclusively by the national government but through network of networks at the following organizational levels: supranational, national, regional, and local. The interplay of these levels has been grasped by the term "multi-level-governance" while the increasing number of the political, social, and economical actors involved in the policymaking process has been labelled "overcrowded policy making" (Mokre, M, and Riekmann, S.P., 2006). Moreover, the descriptive dimension includes even a practical application of the principles of good governance.

In the paper *A System Theory of Good Governance* (2013), Henrik Bang and Anders Esmark propose a reintroduction of macro-sociology and revised analysis of the political system and current ways of governance. Complementary, they suggest an alternative analysis of the relations between power and freedom involved in good governance. In their paper, the notion of good governance does not refer to a scientific theory of governance or governance as academic research, but to an empirically observable politico-administrative way of public policymaking. "Providing some empirical parameters to good governance may still prove enough of a challenge, given that we are dealing with a complex or even heterogeneous phenomenon which can be observed in and across variety of different dimensions, levels, territories, institutions and policies" (Bang, Esmark, 2013, p. 2).

In concordance with the vision of the two authors, the descriptive approach of good governance combines two variables 1) the type of action areas (security, political-administrative, social, and economic) and 2) type of intervention (supranational, national, regional or local). The table no. 1 synthesizes the empirical parameters resulting from the crossing of two variables.

Another way to discuss about the descriptive dimension is to gather all the practical applications of good governance. In his paper *Good Governance: condition or goal? European Donors and the Discussion on Good Governance* (2002), Paul Hoebink summarizes seven good governance's application forms: criterion, objective, instrument, dialogue, capacity building, institutional building and sanctions. At the beginning, good governance was used as a "criterion" to initiate aid relations or to change the "content" of relations between international donor community and developing countries.

After the breakdown of communist regimes in Eastern and Central Europe a lot of international

NGOs were involved in the social support programme dedicated to the vulnerable as children from the centralized care institutions in Romania in the 1990s. Another use of good governance is as an "objective" in strengthening democratization process, civil society, and in the transformation of the economies in ECE toward capitalist market economy model.

## Conclusions

One of the basic applications of the good governance is to promote economic growth and to eradicate poverty. In this respect, good governance was used as an "instrument" by the international development community in supporting economic reform in countries affected by poverty. International agencies (BM, IMF, and UNDP) put pressure on the governments of the developing countries to promote structural reforms with the purpose of increasing the economic performances and to reduce the poverty among their citizens.

Good governance is an instrument of dialog between the international donors and developing countries that need financial aid. In the dialog engaged with the countries that request financial aid, IMF's purpose is to improve the management of the public resources, to restructure the state-owned companies that have losses or are so-called "black holes" in the state budget, to maintain a transparent and stable economic and regulatory environment leading to efficient private sector activities, ensuring macro-economic equilibrium by the control of budget expenditures, low level of inflation and reducing the budget deficit.

Another practical application of good governance is "capacity building" and "institutional building". On the one hand, capacity building means to provide training, education and know-how for governmental agencies and non-profit organizations that are working to improve the situation of disadvantaged groups as institutionalized children, abused women, and ethnic minorities etc. On the other hand, "institutional building" means to provide technical assistance, counselling and twinning programs for the national governments to improve theirs administrative capacity, to build "crucial state organizations", to promote decentralization and local autonomy.

Last but not least, good governance is used by international community as a "sanction" to stop or to reduce aid toward developing countries that do not comply with the terms of the agreement negotiated before receiving financial aid or other kind of foreign support. In addition, good governance is used as a management technique in micro social and economic policies. These techniques include, for example, Total Quality Management (TQM) such as the "Common Assessment Framework" (CAF) implemented within administrations of the EU member states.

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## Annexes

**Table no. 1.The Normative Dimension of Good Governance**

| International Donor Community | Public Sector (Government & Public Administration) | Private Sector (Business & Corporate) | Civil Society/ NGOs |
|---|---|---|---|
| - legitimacy and voice;<br>- strategic vision;<br>- transparency;<br>- responsiveness;<br>- performance (effective & efficient);<br>- accountability;<br>- fairness (equity and inclusion);<br>- follow the rule of law. | - legitimacy of government/ democratic government;<br>- accountability of governmental elites and policymakers;<br>- respect for human rights and Rule of Law;<br>- effective and efficient public administration;<br>-transparency in the decision-making process;<br>- social protection and inclusion of the poor and vulnerable. | - developing an effective corporate good governance framework;<br>- ensuring the rights of shareholders and key ownership functions;<br>- equitable treatment of shareholders;<br>- efficiency and effectiveness;<br>- non-discrimination policy;<br>- disclosure and transparency of the decision-making. | - openness;<br>- accountability for beneficiaries, fundraisers, and community;<br>- responsiveness;<br>- integrity;<br>- social engagement;<br>- fairness;<br>- respect for the rule of law. |

**Table no. 2. The Descriptive Dimension of Good Governance**

| Levels of intervention | Security | Political-administrative | Social | Economic |
|---|---|---|---|---|
| Supranational (global) | - International policies and mechanism of the pre & post-conflict management. | - Improving governance through foreign policy: intergovernmental and output-oriented and transnational and output-oriented. | - Universal respect for human rights and individual liberties;<br>- Poverty eradication policies. | - Open trade regimes and competitive market economies;<br>- Trade liberalization;<br>- Elimination of direct credit allocation;<br>- Fiscal discipline;<br>- Low inflation rates;<br>- Reducing budgetary deficit. |
| National | - Democratic control of security and army forces;<br>- Personal security of citizens;<br>- Independence of justice and effective and efficient anti-corruptions measures;<br>- Policies and functional institutions for fighting against organized crime. | - Free elections;<br>- Peaceful competition for political power;<br>- Representative legislature for society;<br>- Democratic governance;<br>- Consensually political elites;<br>- Accountability of the governmental elites. | - Freedom of expression;<br>- Freedom of association;<br>- Non-discrimination and inclusion policies;<br>- Social policies for poor and vulnerable;<br>- Promoting social dialog between public officials and labours or other interests groups. | - Functional and competitive market economy;<br>- Economic growth policies;<br>- Government's respect for the property right;<br>-. Public consultation of the private sector;<br>- Equal treatment for all companies;<br>- Regulation of the public sector in the public interest |
| Regional and local | Effective and efficient police forces to prevent and to fight against breakdown of law. | - Administrative decentralization;<br>- Regional and local autonomy;<br>- Subsidiarity;<br>- Clear decision making process;<br>- Providing quality public services;<br>- Public consultation with social actors. | - Consultation with the non-profit sector (local NGOs);<br>- Public-private partnership in developing the social programs and intervention projects;<br>- Involving local stakeholders. | - Best use of regional and local resources;<br>- Financial autonomy;<br>- Protection of the environment;<br>- Sustainable economic programs forward the interest of the regional and local communities. |