A Blueprint for Public Sector Governance: Between Options and Opportunities

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Abstract. This paper titled: A Blueprint for Public Sector Governance: Between Options and Opportunities, aims at firstly explaining the need for good governance in the public service. It discusses the need for good governance in the management of public affairs which are more open to scrutiny from all stakeholders in society. It is not all too easy to start developing good governance guidelines while a model adapted from the Australian government public governance framework highlights nine principles that might be starting points for the development of a universally accepted blueprint. These comprise the role of government and public institutions in good governance, management and oversight in governance, management and structure and governance, operations and governance, ethics and integrity in governance, engaging citizens as partners in governance, financial governance, communication governance and risk management and governance. This paper critically analyses each option and discloses the relevance of opportunities that could help achieve good public governance.

Keywords: Public sector governance, government, options, management, citizens, public sector.

1.0 INTRODUCTION

The public sector plays a major role in society. In most economies, public expenditure forms a significant part of gross domestic product (GDP) and public sector entities are substantial employers and major capital market participants. The public sector determines, usually through a political process, the outcomes it wants to achieve and the different types of intervention. These include enacting legislation or regulations; delivering goods and services; redistributing income through mechanisms such as taxation or social security payments; and the ownership of assets or entities, such as state owned enterprises. Governments also have a role in promoting fairness, peace and order, and sound international relations.

Effective governance in the public sector encourages better decision making and the efficient use of resources and strengthens accountability for the stewardship of those resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management, leading to more effective implementation of the chosen interventions, better service delivery, and, ultimately, better outcomes. People’s lives are thereby improved [1].

2.0 DEFINING THE GOVERNANCE CONCEPT

At its most basic level, governance covers ‘the management of the course of events in a social system’, whether such systems are conceived in organisational, sectoral or broader terms (Horrigan 2010) [2].

In that sense, the governance of systems embraces their structures, internal and external interactions, and modes of decision-making and other behaviour. In this manner, Chhotray and Stoker formulate an all-embracing definition of ‘governance’ as follows (2009) [3].
Governance is about the rules of collective decision-making in settings where there are a plurality of actors or organisations and where no formal control system can dictate the terms of the relationship between these actors and organisations. In short, governance is concerned with how and why systems of all kinds are constituted and operated.

The OECD (1999) principles define corporate governance as:

‘A set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently.’ [4]

2.1 THE IMPORTANCE OF GOOD GOVERNANCE IN THE MANAGEMENT OF PUBLIC AFFAIRS

A Good Governance Doctrine is one which will help governments, state enterprises and those who run them remain worthy of the trust of their citizens.

First and foremost, there must be sustained and committed leadership that embodies the core values of good governance. Direction starts at the top. Leadership can make good governance become a reality. When senior management is committed to transparency, integrity and accountability and lives by these standards, it will set the tone for staff. Integrity and Probity sit above everything. If everyone in an organisation acts with integrity and probity there will be no room for corruption. Staff will be hired on merit and professional competence not because of whom they know. All payments will be properly recorded; all decisions will be made based on judgment not graft.

A strong public enterprise has a strong sense of public service. That almost sounds old-fashioned in the 21st century but it is an important aspect of how well any government department or state enterprise is run. It encompasses both national and personal pride in providing high quality service to citizens and clients, and it leads on to the next one.

Next, there should be respect for one’s own work, for one’s client and for one’s co-workers. Additionally, transparency and accountability are essential. Information is power, an adage often quoted, and it belongs to the people unless there is a threat to national security [5].

3.0 DISCUSSION

3.1 A blueprint for public sector governance

The ‘Good governance guide’ which is a valuable reference for public sector employees with corporate governance responsibilities has identified nine key result areas of good public sector governance. The nine key result areas are: the role of government and public institutions in good governance, management and oversight in governance, management and structure and governance, operations and governance, ethics and integrity in governance, engaging citizens as partners in governance, financial governance, communication governance and risk management and governance [6]. All these factors are discussed in the next section.

3.2 The role of government and public institutions in good governance

Every public sector entity or public service spends public money; how this money is spent and the quality of services it provides...
is critically important as citizens, users and taxpayers. Therefore, we need governance of public services to be of a high standard. Good governance leads to good management, good performance, good investment of public money, good public behaviour and good outcomes. The governors of public services organisations face a difficult task. They are the people responsible for governance—the leadership, direction, evaluation and monitor of the organizations they serve. Their responsibility is to ensure that they address the goals and objectives of these organisations and that they work in the public interest. They have to bring about positive outcomes for the users, as well as providing value for the taxpayers who fund these services. They have to balance the public interest with their accountability and compliance. There is clear evidence that many have difficulties in fulfilling these responsibilities.

3.3 Management and Oversight in governance

Monitoring managerial performance and programme implementation, appointing key personnel, approving annual budgets and business plans, and overseeing major capital expenditures. Promoting high performance and efficient processes by establishing an appropriate balance between control by the governing body and entrepreneurship by the management unit. Monitoring compliance with all applicable laws and regulations, and with the regulations and procedures of the host organisation, as the case may be.

Oversight of public administration refers to the ability of an external body to review the conduct and decisions of government agencies and public officials. Such review may be by way of investigation, inspection or audit and can be based on a complaint, a legal obligation, or the oversight body’s ‘own motion’ [7].

The aim of external oversight is to maintain the integrity of government agencies and public officials by holding them accountable for actions and decisions they will make while carrying out their duties. Accountability is a keystone of representative government, as it enhances public confidence in the government sector and, conversely, helps ensure that government is responsive to the interests of the public. External oversight also provides a quality control mechanism for any internal review process existing within government agencies. While customers should be encouraged to use agencies’ internal review systems, in most cases they should have the option to seek to have their complaints resolved externally if they remain dissatisfied [8].

3.4 Management and structure in governance

One of the most important tasks for any trustee is to know about their own organisation’s legal and governance structure and make sure it is suitable for what the organisation was set up to do. The legal structure, and the governance arrangements it sets in place, are a vital part of making solid foundations and keeping an organisation safe and secure. It means that those who get involved in its work are protected, whether staff, volunteers, trustees or service users. It also means the wider community and society can see the basis on which it operates.

All formal organisations must have a written set of rules laying down their objectives, the rights of members, how their assets may be applied, etc. The generic term for this set of rules is ‘governing document’.

Incorporation means creating a legal identity for an organisation that is separate from its members—a ‘corporate body’. A corporate body exists in its own right and offers good protection to its members. Corporate forms limit the liability of their members unless otherwise indicated and a corporate body can enter into contracts and own property in its own right. Organisations
that have a moderate to high level of risk may decide to incorporate to protect their members in the future [9].

3.5 Operations and Governance

A governance operating model may assist the board and management in fulfilling their governance roles. Such a model is likely to enable the board and the executive leadership to organise the governance structure and the mechanisms by which governance is implemented. By the same token, the lack of a governance operating model may lead to an incomplete or faulty governance structure, or to inconsistencies, overlaps, and gaps among governance mechanisms. Such inadequacies may lead to failure to enact governance policies that the board and management have put in place.

The sheer complexity of governance and the huge number of related procedures and other mechanisms in a global financial institution may indicate a need for a governance operating model. The elements of such a model may exist within many large companies. However, those elements may not have been connected, rationalised, and organised to provide the consistent guidance and incentives that executives, risk managers, and business unit leaders require. A governance operating model has the potential to address this need and thus enhance management’s ability to implement governance and the board’s ability to exercise proper oversight [10].

In practice, a governance operating model should:

Organise operational, financial, risk management, and reporting processes such that the board receives the information it requires to effect good governance and management and the business units can conduct their activities in ways that comply with regulations and serve strategic ends.

Bring the organisation’s governance framework down to the level of roles, responsibilities, reporting lines, and communications to bridge the gap between the governance framework (discussed in the following section) and operational realities.

Sustain governance by creating a feedback loop in which the board and management can identify and respond to new business, operational, competitive, and regulatory needs.

3.6 Ethics and Integrity in Governance

Citizens demand evidence of governments’ efforts and achievements in fighting corruption and promoting integrity. But assessing the effectiveness of governments’ measures poses specific challenges, in particular the definition of a thorough and objective methodology. The political sensitivity and hidden nature of corruption make this task particularly difficult.

A clear set of criteria allows decision-makers to develop a consistent and comprehensive approach to assessment. Using explicit criteria distinguishes assessment from other approaches to strategic management in which priorities are set without reference to exact decisive factors. A rigorous assessment considers several aspects of policy measures are discussed in the table.
Table 1: Issues and criteria regarding Ethics and Integrity

<table>
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<tr>
<th>Issues</th>
<th>Criteria</th>
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<tr>
<td>Are integrity policy instruments (e.g. legal provisions, code of conduct, institutions, procedures) in place?</td>
<td>Formal existence of components of policy instruments.</td>
</tr>
<tr>
<td>Are integrity policy instruments capable of functioning as intended (realistic expectations, resources and conditions)?</td>
<td>Feasibility of specific policy instruments.</td>
</tr>
<tr>
<td>Did the integrity policy instrument achieve its specific initial objective(s)?</td>
<td>Effectiveness of specific policy instruments.</td>
</tr>
<tr>
<td>How significantly have policy instruments contributed to meeting stakeholders’ overall expectations (e.g. actual impact on daily behaviour)?</td>
<td>Relevance, the extent to which specific policy instruments and actions contribute to meeting stakeholders’ overall expectations.</td>
</tr>
<tr>
<td>Do the various elements of integrity policy coherently interact and enforce each other, and collectively support the overall aims of integrity policy?</td>
<td>Coherence of policy instruments, and their relationship with other elements of the policy</td>
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</table>

An applied assessment framework responds to specific needs through tailored assessment criteria. Criteria can be defined both in relation to the context and the assessment process, so that they are:

- Sufficiently specific—reflecting the specific purpose and the context of the assessment.

- Transparently constructed—involving stakeholders in the assessment process, consulting them on the procedural steps and the development of specific criteria; ensuring that the assessment process reflect the views of stakeholders and could properly encapsulate their feedback to provide a multifaceted source for forming balanced judgments on policy implementation and its impact [11].

3.7 Engaging citizens as partners in governance

Engaging citizens in policy-making allows governments to tap new sources of ideas, information and resources when making decisions. To engage people effectively in policymaking, governments must invest adequate time and resources in building robust legal, policy and institutional frameworks. They must develop and use appropriate tools, ranging from traditional opinion polls of the population at large to consensus conferences with small groups of laypersons. Experience has shown, however, that without leadership and commitment throughout the public administration, even the best policies will have little practical effect [12].

The key ingredients for success in engaging citizens in policymaking are close to hand, including information, consultation and public participation. Information provided has to be objective, complete, relevant, easy to find and easy to understand. And there has to be equal treatment when it comes to obtaining information and participating in policymaking.

3.8 Financial Governance

Financial governance is important for good governance because the consequences of failure can be so devastating for a council. No matter how good the rest of a council’s governance may be financial failure can bring
it undone. Poor financial governance can imperil the council’s existence. Good public financial governance is the legitimate use of power and authority in the management of a country’s financial resources with integrity, transparency, accountability, equity and a result orientation to promote development.

There are key technical challenges in budget preparation, execution and reporting that affect a company’s ability to utilise available resources effectively and efficiently in pursuit of our goals.

In this regard, the necessary steps needed to achieve sound financial governance are: institutionalise timely, transparent, systematic and accountable political engagement with budgetary decisions throughout the public resource management cycle, strengthen revenue forecasting and the institutions that govern the development of fiscal frameworks, ensure that systems continue to improve the quality of spending, ensure discipline, predictability and the rule of law in budget execution through improved and consolidated government cash management, improved cash planning and commitment practices and internal controls, and effective and risk-based internal audit systems;

The development of integrated financial management solutions must be approached strategically, ensuring that the solutions are achievable, sustainable and built on efforts to improve the underlying incentives for improved processes in budget execution and transactional record keeping [13].

3.9 Communication and good governance

Good governance is defined as state capability and responsiveness—the ‘supply’ side of governance—and accountability—the ‘demand’ side of governance. Improving governance requires effective and sustainable public sector reform, and evidence suggests that communication activities can help to achieve reform.

At the process level, communication can foster support for governance reform by influencing opinion, attitude, and behaviour change among leaders and policymakers (political will), mid-level bureaucrats (organisational will); and citizens (public will).

Communication links citizens, civil society, the media, and government, forming a framework for national dialogue through which informed public opinion is shaped. At the structural level, there are five entry points for communication strategies in governance reform.

These relate to groups of stakeholders—between which strong accountability relationships are needed.

Public sector management supports reform coalitions, formal oversight institutions like the judiciary and parliaments support parliamentary coalitions, public reporting mechanisms and institutional legitimacy.

Next, political accountability under political party and business leaders; civil society elites support multi-stakeholder coalitions, policy dialogue, and deliberation and debate.

Local participation and community empowerment through local governments and communities support coalition-building, grassroots campaigns and local government communication capacity and civil society and the media/private sector interface support the engagement and participation of multiple stakeholders [14].

3.10 Risk management and Governance frameworks

A number of governments, such as Canada and the UK, have developed frameworks for the management of risks that
may have an effect on their normal functioning and budgets. These frameworks provide general guidance on the principles of risk management to support government organisations to develop their own risk management processes. Such frameworks include identification and analysis of risks that may affect the pursuit of their objectives, as well as on-going review and improvement of risk management practices [15].

Most organisations intend to improve internal processes for risk management as well as to consider risk management in relation to the wider environment in which the organisation functions.

These frameworks provide guidance to risk assessment, management and communication, and are moving towards enhanced risk management, including consideration of the needs to: improve organisational and societal resilience, adopt proactive management approaches, establish stakeholder confidence and trust, strengthen reliable decision-making and planning, provide practical advice beyond principles and concepts, and focus attention on tackling organisational risk by identifying and treating both external and internal influences and factors that give rise to that risk.

3.10.1 Risk ownership, incentives and reward

Governments need constantly to keep under review where responsibility for managing a particular emerging risk should best reside, as it is often difficult to identify who can or should ‘own’ an emerging risk. Risk ownership, a term used to describe the fact that only those who have a personal stake in a risk will effectively deal with it, refers to creating links between cause and effect, between risk and reward. Some emerging issues offer opportunities as well as risks. By identifying a possible reward for those who decide to engage and spend money to mitigate an emerging risk—and who will get a return on their investment—, the chances of successfully dealing with it will be higher, especially if policymakers establish political and business links between risk and opportunity, and communicate effectively about such opportunities [16].

4.0 CONCLUSION

Effective governance in the public sector encourages better decision making and the efficient use of resources and strengthens accountability for the stewardship of those resources. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently. Accountability is a keystone of representative government, as it enhances public confidence in the government sector and, helps ensure that government is responsive to the interests of the public.

A clear set of criteria allows decision-makers to develop a consistent and comprehensive approach to assessment. The nine key result areas are: The role of government and public institutions in good governance, Management and Oversight in governance, Management and structure and governance, Operations and Governance, Ethics and Integrity in Governance, Engaging citizens as partners in governance, Financial governance, Communication governance and Risk management and governance.

It is seen that public organisations have to adapt a blueprint that helps them develop the right attitude towards effective governance and public accountability. This blueprint is developed from a model of the Australian government ‘Good Governance Guide’ with brief statements on key areas while the researcher selected and further addressed each aspect with examples and possibilities. It is seen from this research that
the options provided could at least help in the achievement of better accountability and opportunities for progress in the public service on a universally agreed perspective.

REFERENCES


