

# A Critical Review of Literature on Good Governance and Development

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## Abstract

Good governance has become a recurrent theme in academics and discourses relating to development as evident from the increasing number of literature in recent years. The hype around this concept is largely due to the importance given by donor countries in giving aid to the developing countries. It is expected that recipient countries should have good governance in order to be eligible for grants. However, fulfilling these conditions is not as simple as it seems. The young democracies cannot emulate the age old ideas and strategies of the western countries. Good governance is a dynamic concept and has no single universally accepted definition. In order to achieve good governance in a society, the need of understanding the context is crucial. Debates ensue as to whether good governance is a good development strategy. However, it cannot be denied that there is a growing body of evidence which supports the close link between good governance and development. Increasing literatures in past years gravitates toward a need to promote sound governance as the foundation for development. However, to what extent are the western principles and ideas of good governance feasible for the developing countries is still up for debates and need further research.

**Key words:** Good Governance, Development,

## Introduction

From the last decade of the 20th century, the concept of good governance has become an important and recurrent theme in literature dealing with development discourse. Increasing body of evidences attributes differentials in growth and development to the quality of governance (Ramachandran 2000). The role of good governance as a major element of growth has attracted a great deal of attention in recent years due to the importance given to it by the World Bank. Aedrian Leftwich(1993) has pointed out that in contemporary times the term has been used in the context of western aid to developing societies and the benchmark fixed by the former on the latter as a condition for giving aid. The quality of governance has been increasingly recognized as the reason behind the success of western countries (B.P Mathur, 2014).The issue of governance has become a centre stage while working out strategies for tackling the two most important issues of accelerating economic growth of the nation, and making the benefits of growth and development accessible to citizens in efficient manner.(B.K Chaturvedi 2014 ).The concept of good governance has gained prominence around the world especially in developing countries due to the importance given to it by the International Development Association (IDA). In contemporary usage, the term has come to include a sound development management. The former United Nation (1998) General Secretary Kofi Annan in his annual report to organization noted that good governance is perhaps the single most important factor in eradicating poverty and promoting development.

## Methodology

This review analyses the concept of good governance and its link with development. In order to achieve the intended objective, publications from the relevant text books, journal articles reports, guidelines, and other research materials have been studied. There has been an increasing interest to study these concepts in academics, debates and discourses in international platform. One major reason being the importance given to it by the International Development Association (IDA) and donor countries as the basic criteria in giving aid to the developing countries. Another reason why good governance has gained immense popularity is the term has become the main agenda of almost all the governments around the world in development strategy. There is a growing body of evidence which supports the close link between good governance and development although the debate on which is the means and the ends continues. Selected review of literature has been done keeping in view the relevance it had on this study.

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## Review Of Literature

The World Bank (1989) made a significant contribution in bringing forth the concept of Good Governance to the world in the 1990s. The term was introduced in development discussion by a World Bank study, which focused on the state in the development process. The Bank highlighted the concept of “governance” in the context of development problems of Sub-Saharan African in which the report states “underlying the litany of Africa's development problems is a crisis of governance. By governance is meant the exercise of political power to manage a nation's affairs”. The publication articulated “governance” for the first time as structural necessity for market reform and pointed out that corruption, bad politics and nepotism has severely hampered development in these regions. However, the term “good governance” was explicitly used by the former World Bank President Barber Conable (1986-1991) in the foreword of the World Development Report in which the term is referred to a 'public service that is efficient, a judicial system that is reliable and an administration that is accountable to its public'.

The World Bank(1992) publication entitled “Governance and Development” further developed the concept developed further in which governance was projected as sound development management and defined as “the manner in which power is exercised in the management of a country's economic and social resources for development. In the preceding years, the concept witnessed tremendous change both in its meaning and implications. The World Bank's interest in governance arises from its concern for the effectiveness of the development projects it supports. The Bank defines good governance as the manner in which power is exercised in the management of a country's economic and social resources for development. For the Bank, good governance is synonymous with sound development management. Good governance is central to creating and sustaining an environment which fosters strong and equitable development, and it is an essential complement to sound economic policies. The Bank states that poor development performance can in turn contribute to poor governance by further eroding the confidence of citizens in their governments and causing governments to behave insecurely. The booklet describes the nature of the problem of governance from the Bank's perspective and analyzes four key dimensions of governance and the Bank's experience with each: public sector management, accountability, the legal framework for development, and information and transparency. In 1997, the World Bank redefined the concept and underlined the need for an effective state apparatus in association with good governance as a necessary precondition for development. In the succeeding years, the World Bank redefined the concept and underlined the need for an effective state apparatus in association with good governance as a necessary precondition for development.

UNESCAP (2009) governance and good governance are being increasingly used in development literature. It is observed that major donors and international financial institutions are increasingly basing their aid on the condition that reforms ensuring “good governance” are undertaken. UNESCAP defined good governance as the process of decision making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts - corporate, international, national and local. The report identified eight major characteristics of good governance – participation, consensus oriented, accountability, transparency, responsiveness, effectiveness and efficiency, equity and inclusiveness, rule of law.

Graham et al (2013) presents the concept of governance and attempt to answer some fundamental questions about characteristics of good governance. They question whether there exist universal principles of good governance and if they do exist what are these principles and where does it come from. Moreover, an attempt is made to find out the criteria necessary to build governance and also emphasized on the applicability of these principles to assess current governance regimes. Governance is not synonymous with government. The inability to differentiate between the two leads to identifying problem of governance with problem of government which inherently puts the responsibility of fixing the issue on the shoulder of the government. Governance is not exclusively about government but also involves societies and organizations in relation to citizens. The concept of governance may be usefully applied in different contexts – global, national, institutional and community. Though defining the principles of good governance is difficult and controversial, the paper enunciates a set of principles based on The United Nations Development Program (UNDP 'Governance and Sustainable Human Development, 1997'). These set of principles are Legitimacy and Voice, Direction, Performance, Accountability and Fairness There is a strong evidence that these UNDP – based

principles have a claim to universal recognition. Governance have opened new intellectual space by allowing the discussion of the role of government in coping with public issues and the contribution that other players may make. It brings a new dimension to a person's mind that groups in society other than the government have a stronger role to play in addressing problems. The paper emphasized that a universal set of principles for defining good governance can be fashioned and that the strength of their universality rests to a large extent on the body of international human rights and laws. These principles can be usefully applied to help deal with current governance challenges. These principles need to be context utilized to get become a meaningful analytical tool. The nature of good governance as both the means and ends need to be understood.

Meisel (2008) offers tools to rethink the role of “good governance” in development strategies. The author examines whether “good governance” reforms are effective in achieving take-off for developing economies and it also investigates what governing capacities developing countries truly need. Good governance is defined as transparencies of public action, control of corruption, free operation of markets, democracy and the rule of law. With macroeconomic stabilization, good governance has imposed itself as a universal imperative in development policies since the 1990s. The paper proceeds to show with the help of a new database that there is a correlation between good governance and the level of development. However, there is no correlation between it and the speed of development (medium to long growth). The reason is that driving forces behind the institutional, economic, political and social change are not considered. A new concept to analyze governance in developing countries is developed with the help of Institutional Profiles database. The findings identified the capabilities developing countries need for governance. Good governance does emerge as a priority for economic take off. With the opening of social regulation system and having experienced sustained and lengthy growth, a country is seen to converge with developed countries. A wider definition of governance (governance for development) is proposed by the author to encompass the realities of the developing countries and with it, new indicators to measure good governance.

Kardos(2012) discusses to what extent good governance can support sustainable development and is reflected in sustainable development strategies. This subject which has grabbed great attention of the scientific community and policy makers needs to be approached from different perspective. There are countless number of literatures on governance, good governance and sustainable development over the years. However, apart from the universal acceptance of its importance, differences exist in respect of theoretical formulations, policy prescriptions and conceptualization of the subject itself and no one can claim ownership of the 'ultimate definition' of governance. Despite these differences, there is a consensus on international platform on the need to promote sound governance as a foundation for development. The challenge facing all societies is to strengthen institutions, processes and mechanisms that enable full participation of citizens in setting an agenda for sustainable. Out of the 27 European Union (EU) countries, 9 were chosen randomly and rank according to Sustainable Society Index (SSI), 2010. The countries include Sweden, Latvia, Demark, Hungary, Lithuania, United Kingdom (UK), Ireland, Spain and Belgium. Studies of these countries on the reflection of good governance sustainable development strategies (SDS) reveals the role of good governance in sustainable development is to provide necessary strategic framework for a common long term commitment concretized in strategic objectives, policy integration mechanisms in terms of vertical and horizontal coordination, to an open, transparent public consultation and participation process and engagement for making SDS accessible to local communities and people.

Jindal (2014) observed that good governance emerged as a powerful idea when multilateral and bilateral agencies realized that it is a citizen-friendly, citizen caring and responsive administration. The absence of good governance is found to be related to the quality life of the citizens. Additionally, it has been proven by statistical analysis that good governance improves economic performance. She further writes that misuse of power by state has the maximum effect on the poor. Bad governance generates and reinforces corruption, poverty etc, it is essential to strengthen governance. Moreover, it is also the precondition for improving the lives of the poor. Many significant efforts have been launched to improve the quality of the governance in India over the past few years. With the introduction of these initiatives, it is indicated that the existing political system is very much willing to respond to the increasing challenges of the governance. Some challenges faced by India such as lawlessness, poverty, corruption, criminalization of politics etc were also analyzed.

Chibba (2009) focuses on governance and development since 1991 when the Soviet Union collapsed

and communism with it which marked an important opportunity for departure from the status quo. He viewed governance as encompassing two key but overlapping dimensions. Firstly, governance refers to all aspects of the way a nation is governed, including its institutions, policies, laws, regulations, processes and oversight mechanisms. The second dimension is the cultural and ideological setting, for governance is perceived and shaped by values, culture, traditions and ideology. There are several theories of governance and development emanating from various disciplines in the social sciences, as well as from interdisciplinary perspectives. Thus, several schools of thought (loosely defined) already exist, as well as others that are emerging. The paper outlines relevant theoretical perspectives or theories advanced by leading academic economists. The three main economic schools of thought on the role of governance in development are presented e.g., the 'successful society' which centres around shaping the governance and development agenda with a focus on key features and characteristics of a 'successful society'. This school of thought encourage emulating or adapting key aspects of governance in developed countries. The second school of thought is the cautionary school of governance for growth. As the name suggest, this school follows the idea of pursuit of governance for growth in a cautionary tone, highlighting risks, pitfalls and limitations. This shift reflects the myriad of problems encountered by developing countries in the pursuit of governance for growth. The third school of thought – and perhaps the most creative, robust and interesting theory on the overall subject – is provided by North et al. (2008). They divide the world's 200 countries into two parts: 175 countries with 85% of the world's population have a social order that first appeared about ten millennia ago, and exists to this day in various forms or stages that are part of the 'natural state' The remaining 25 countries comprising of about 15% of the global population, are characterised by the third social order which are the 'open access' society. The common feature in these three schools of thought is that institutions do matter. Yet, the profound differences in each theory also lie in the perspectives on, as well as the context and approach to, institutions, societies and the dynamics of development progress.

Tripathi (2017) opines good governance gained prominence around the world in recent times mainly due to the importance given to it by international community. Good governance signifies a participative manner of governing indicating the existence of political will for ensuring the material welfare of society and sustainable development with social justice. In contemporary usage, the term governance has come indicate sound development management. In India, good governance gained attention during 1990s when the World Bank raised the issue of governance. The document of the Ninth Five Year Plan (1997- 2002) embodies the efforts of the government for better governance. Likewise, he highlights the important points in the Five Year Plan starting from 1992 to 2017. The following years witnessed consistent efforts government for establishing good governance. Meanwhile, organizations such as the IMF, NGOs, the UN and its agencies, the World Bank and international media were quick to pick up the term and use it in a variety of ways.

Sapru and Sapru (2014) writes governments at central, state and partly at local levels are facing challenges posed by increased demand for better quality of governance. While the developed world and some Asian countries have moved very quickly, India continues to lag behind in meeting the increasing levels of citizen expectations. The massive population growth, diversity of cultures, acute poverty and high illiteracy create numerous difficulties in delivery mechanisms of government services. The existing processes of service delivery and governance need to be improved. E-Governance has been recognized as a vital force for transformational improvement in quality, efficiency and effectiveness of governance. A governance strategy driven by information and communication technology has to be developed and applied with the objective of bringing in more transparency and increased accountability. Successful leveraging of e-governance opportunities, however, involves many factors which include human capital, financial resources, well-directed initiatives, leadership intent, administrative structural changes and citizen awareness.

Ramachandran (2000) expounded on the importance of good governance and people's participation as one of the committees of Vision: 2020 launched by the Planning Commission in 2000. He highlights the important attributes of what makes governance essentially good and analyzed upon the link between governance, decentralization and people's participation. He points out that short term results such as efficient public services, accountability of bureaucracy, transparency are not the only aspects of governance. He emphasized on managing resources and people not only during the tenure of government but continuity of long term approach not only of the nation but nation in global context. He agreed that the changing nature of goals

and value systems of any given society but believes people should always remain central in governance. Governance being larger to government envisages a role for private sector, civil society and citizens at large. People and civil society institutions themselves form an important link in governance chain. The Human Development Report 1993 states where decentralization has taken place, it has often been quite successful in encouraging local participation, increasing accountability of local officials, reducing costs and increasing efficiency.

Mathur(2014) attributes the primary reason behind the success stories of advanced countries of the West to the quality of governance. There is a general notion that India's dismal record in economic and social development is largely due to poor performance of public services. The administrative machinery is not designed to provide people friendly services, as inefficiency and malfunctioning is marbled into the bureaucracy. Rigid bureaucratic rules coupled with complexities and over centralization have made the public system ineffective. Another reason for inefficiency is the continuing adherence to the outdated Weberian system of bureaucracy in the age of advanced technology which is capable of delivering high quality services to the people. He takes the example of Commonwealth countries such as the UK, New Zealand and Singapore where the Weberian System is discarded in favour of New Public Management (NPM). The main component of NPM philosophy is devolution of authority, performance contracting and customer focus. Likewise, many advanced countries such as Britain, New Zealand, Australia, Canada, Singapore, Japan and the USA have revamped their bureaucratic systems shifted to professional management of the bulk of the government activity through creation of 'Agency' or 'Performance Based Organizations'. He states that in our country there have been several committees that have given laudable recommendations to reform public management systems but most of their recommendations have remained unimplemented. The consequence being trapped in an outdated bureaucratic machine for which the people of this country are paying a heavy price. He identified some major factors for the poor functioning of public services: absence of accountability, outdated laws, rules and procedures, high degree of centralization, poor work culture, lack of professionalism and politicization of services. He opines that the time has come for fundamental reform in public administration and embraces a new philosophy of management. Government needs to realize that public service reform is an essential pre-requisite to alleviate poverty, illiteracy, malnutrition and deprivation from the country and make India a happy, healthy and prosperous place to live.

Sundaram and Chowdhury (2011) highlight the conceptual limitations or lack of the clarity of 'good governance' concept favored by the donor community and debunks its central hypothesis that good governance causes economic growth. Good governance can mean many things and countries possessing features of good governance can be different both structurally and institutionally. Countries that are developed recently did not have the ideal features of good governance – these features evolved with economic growth. Donors should not impose onerous good governance conditions with the expectation that developing countries must all look the same in the image of the recent developed countries. Most poor countries do not have administrative and financial capacity to achieve these reforms or institutions; hence, the donor conditionality often becomes a recipe for failure. Therefore, the reform agenda should aim at strategic bottlenecks for development and enhance state capacity and capabilities to deal with these bottlenecks.

### **Findings**

The review established that extensive studies on good governance and its elements have been carried out by academicians and organizations alike. Empirical studies on the connection between good governance and development has been increasing in a society where there is relentless search for solution to issues such as inequality, growth, hunger and poverty. There is a general agreement among international communities that good governance plays a major role in development and the need incorporate good governance in development strategies. Good governance and development reinforce each other.

### **Conclusion And Suggestions**

It is evident from the review that a number of literatures have been written on governance and good governance. Since the 1990s, we have witnessed studies of good governance intrinsically linked with development. Increasing literatures in past years gravitates toward a need to promote sound governance as the foundation for development. However, to what extent are the western principles and ideas of good governance

are feasible for the developing countries is still up for debates and need further research. Still lot more needs to be done to make the concept of good governance and development feasible and practical to the developing countries. Good governance being a dynamic and relative concept needs constant improvisation to adapt to the constantly changing needs and problems of the society. Scholars interested in the area of good governance and development has abundant theoretical and empirical literature and studies available especially on countries and organizations at international level. However, literature on case studies of particular area or aspects of governance and development seems to be lacking.

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