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Subject: Governance &amp; Public Policy

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What is Good Governance and how it is different in the private and public sectors? Elaborate on seven Good Governance indicators. Also, where Pakistan stands in these indicators.

Ans

Good Governance :-

Good is an adjective which means correct and or proper."

"Governance is the system of values, policies and institutions by which a society manages its economic and social affairs through interactions within and among the state, civil society and private sectors." (UNDP-2004)

According to World Bank, 1992 "Governance and Good Governance is a method through which power exercised in the management of country's political, economical and social resources of development."

According to Etoungue Manguella A, "Good Governance implies presence of Rule of law, safeguard of human rights, existence of honest and efficient government, accountability, transparency,

predictability and openness."

## **Different Public & Private Sectors:-**

The principles of good governance remains relatively consistent across public and private sectors, these are some key differences in their applications:

### **1) Objectives and Stakeholders:-**

The primary objective of good governance in the public sector is to serve public interest, focusing on well being and welfare of citizens. In public sectors governance involves managing public resources and delivering public services efficiently and effectively. In contrast, the private sector aims to create value for stakeholders and shareholders by maximizing profitability and achieving sustainable growth.

### **2) Accountability and Transparency:-**

In public sectors, accountability is crucial to ensure that public officials act in the best interest of the public and answerable for their decisions and actions. The transparency in decision making processes, financial management process and public information. In private sectors, accountability totally rest on company's managements and BOD's while transparency is important and limited due to competitive advantages.

### 3) Regulatory Framework:-

In public sectors, operate within legal framework of laws, regulation and policies that designed for public welfare, rule of law. Government agencies are accountable to legal and regulatory bodies.

In the private sectors, governance is guided by the corporate governance framework which included regulation and best practices. Private companies also adopt voluntarily addition standards, or industry specific code of conduct.

### 4) Decision Making Process:-

In public sectors, decision making process includes inputs of various stakeholders, public consultations and political considerations. In private sectors, the decision making focus on organizational goals, market dynamics and interest of stakeholders.

### 5) Profit <sup>vs</sup> and Public interest:-

In public sectors, the emphasis is on delivering services, addressing societal needs often without a direct profit motive. In private sectors, primary focus on generating profit and maximizing stakeholders values.

These differences varies based on specific contexts, country systems, and industry norms. The principles of good governance, such as accountability, transparency, integrity and participation are essentially in both sectors.

### Chart of key difference in Both Sectors:-

Governance	Private Sectors	Public Sectors
i) Org structure	Enterprises (outsides, insides models)	State owned Enterprises, Public and private partnership
ii) Authority	Bords	Govt <sup>Ministress</sup> <del>ministress</del>
iii) Regulations	Corporations Act	State owned Enterprise Act
iv) Objective	Profit	Public good
v) Reporting	Annual report to stakeholders	Minister, Parliament, Auditor general
vi) Independence	Legal independence	Ministerial Control
vii) Accountability	To stakeholders	Diffuse

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