

Question CSS-2023: What is Good Governance and how it is different in private and public sectors? Elaborate good governance indicators. Also indicate where Pakistan stands in those indicators.

Answer:

1. Introduction:

"Good governance is the ability to work together toward a common vision. The fruits of good governance are felt by individuals, families, communities and nations alike."

(Nelson Mandela)

This quote highlights the importance of good governance as a fundamental aspect of building a just and prosperous society. In 1992 World Bank defined good governance as "the manner in which power is exercised in the management of a country's economic and social resources for development. Ultimately, it aims to create an enabling environment for sustainable development and poverty reduction." Put simply, Good governance means the process of decision making which is responsive to the present and future needs of society.

In the public sector, good governance often involves robust regulatory frameworks, citizen engagement and institutional reforms to uphold democratic principles and meet the diverse needs of the population. Conversely, in the private sector, good governance entails effective corporate governance practices, risk management strategies and adherence to ethical business standards to

ensure sustainable growth and stakeholder confidence. Good governance has eight indicators. It is participatory, accountable, transparent, responsive, effective and efficient, equitable and inclusive, having strategic vision and follow the rule of law. In Pakistan, efforts to enhance good governance have been ongoing, with progress made in certain areas such as legislative reforms and anti-corruption measures. However, challenges persist, including issues of political instability, corruption and bureaucratic inefficiencies, highlighting the need for continued reforms and strengthened institutional capacity to advance good governance practices.

2. How good governance differ in Public or Private Sectors:

a. Oversight Mechanisms in Public or Private Sectors:

In the public sector, accountability is often enforced through regulatory bodies and oversight mechanisms such as parliamentary committees and anti-corruption agencies like the National Accountability Bureau (NAB). For example, NAB's role in investigating and prosecuting cases of corruption among public officials to ensure accountability.

Accountability in the private sector is typically enforced through corporate governance structure, including boards of directors, internal audits and regulatory compliance. In Pakistan, the Securities and Exchange Commission of Pakistan (SECP) oversees corporate governance practices

among publicly listed companies to ensure transparency and accountability.

b. Decision Making Approaches: Public vs. Private Sector:

Decision making in the public sector often involves multiple stakeholders, including government officials, elected representatives and citizens. Public sector decision making is guided by legal frameworks, public policies and democratic principles. For example, the formulation of development projects and budgets by government agencies involves consultation with various stakeholders to ensure transparency and consensus.

Decision making in the private sector is driven by profit motives and shareholder interests. Private companies make decisions based on market dynamics, financial considerations, and strategic objectives. For instance, corporate boards in Pakistani companies make decisions regarding investments, mergers and acquisitions to maximize shareholder value.

c. Public vs. Private Sector Transparency:

Transparency is a fundamental principle in the public sector, with government agencies required to disclose information on budgets, expenditures and policy decisions to the public.

In Pakistan, the Right to Information Act allows citizens to access government records and documents. Promoting transparency and accountability.

While transparency is also important in the private sector, companies may have

different reporting requirements and levels of disclosure compared to the public sector. In Pakistan, publicly listed companies are required to publish financial statements and reports to shareholders and regulatory authorities, ensuring transparency in corporate governance practices.

d. Participatory Governance in Action: Public Vs. Private Sectors

Stakeholder engagement in the public sector involves consulting with citizens, civil society organizations, and interest groups to gather feedback and input on government policies and programs. For example, public hearings and consultations are conducted in Pakistan to gather public opinion on proposed legislation and development projects.

Stakeholder engagement in the private sector primarily focuses on investors, customers, employees, and suppliers. Companies in Pakistan may engage stakeholders through annual general meetings, customer surveys, and employee feedback mechanisms to address concerns and improve performance.

e. Regulatory Oversight: Public Vs. Private Sectors:

Regulatory oversight in the public sector is carried out by government agencies and regulatory bodies responsible for enforcing laws and regulations. In Pakistan, regulatory bodies such as the State Bank of Pakistan (SBP) and the Pakistan Telecommunication Authority (PTA) ensure compliance with regulatory requirements.

and standards.

Regulatory oversight in the private sector is also important, with regulatory bodies like the SECP and the Competition Commission of Pakistan (CCP) overseeing corporate governance practices and competition in the market. These regulatory bodies enforce laws related to corporate governance, consumer protection and fair competition to maintain market integrity and protect stakeholder's interest.

f. Public Interest Vs. Profit Motive:

The primary objective of the public sector is to serve the public interest by providing essential services, implementing public policies and promoting the welfare of citizens. In Pakistan, public sector entities such as government ministries, departments, and agencies focus on delivering services like education, healthcare and infrastructure development to meet the needs of the population.

The private sector operates with a profit motive, aiming to maximize returns for shareholders and investors. Companies in Pakistan engage in business activities across various sectors, including manufacturing, finance and technology, to generate profits and create value for shareholders. While some private sector initiatives may also benefit the public, such as job creation and economic growth.

3. Progress checkpoints: Good Governance Indicators and Pakistan standings.

i- Transparency:

Transparency implies openness in government operations, decision making processes and public access to information. According to Global Right to Information Rating (RTI) by the Centre for Law and Democracy⁽²⁰²⁰⁾, Pakistan score only 67 out of 150 points. This score suggests that Pakistan's legal provisions and their implementation regarding the RTI are not strong or effective as desired. Global Right to Information Rating (RTI) by the Centre for Law and Democracy, encompassing both the law itself and its implementation in various countries.

ii - Accountability:

Accountability means that an organization or an institution is accountable to those who will be affected by its decision or action. In Pakistan, National Accountability Bureau (NAB) is responsible for holding public officials accountable for corruption and misuse of power. Pakistan is the 133 least corrupt nation out of 180 countries, according to the 2023 Corruption Perceptions Index reported by Transparency International. A lower ranking indicates a higher level of perceived corruption in Pakistan. It suggests that Pakistan faces significant challenges in combating corruption within its institutions and society.

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iii- Participation: Participation involves engaging citizens and stakeholders in the decision making process and public policy formulation. Pakistan ranked 104th among 167 nations on Democracy Index 2023 compiled by the Economist Intelligence Unit (EIU). The index assesses the state of democracy based on factors such as electoral process and pluralism, civil liberties, functioning of government, political participation and political culture. The lower rank showed that in Pakistan participation of civil-society in public policy is not effective as desired.

iv- Rule of law: The rule of law ensures that government actions are based on established laws and procedures and that all individuals are treated equally under the law. According to World Bank Rule of Law Index, Pakistan ranked at 129 out of 140 in 2023. Interestingly, Pakistan ranks 5th out of six countries in South Asia. The lower ranking of Pakistan indicates that Pakistan faces challenges in ensuring the rule of law and protecting fundamental rights.

v- Efficiency and Effectiveness: Efficiency and effectiveness refer to the government's ability to deliver services and implement policies in a timely, cost-effective manner. In Pakistan, initiatives such as e-governance, digitalization of services and performance based monitoring and evaluation systems aim to improve efficiency and effectiveness in public service.

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delivery. For example, the Punjab Land Record Authority's digitization of land records has streamlined processes, reduced corruption and improved service delivery to citizens.

vi- **Responsiveness:** Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe. "Justice delayed is Justice denied." Pakistan is the 110 most competitive nation in the world out of 140 countries according to World Economic Forum Report 2022. It suggests that Pakistan faces challenges in terms of its overall competitiveness compared to other nations. Pakistan needs improvement in areas such as economic policies, infrastructure development, innovation, and business environment to enhance competitiveness on the global stage.

vii- **Strategic Vision:** It means that government and the public should have a broad and long term perspective on good governance and human development. It is more about thinking in terms of today's action on future generation! All forms of development should be sustainable. Pakistan's inconsistent strategic vision has impeded its ability to address key challenges and capitalize on opportunities for growth and development. For example: Currently, Pakistan is facing severe economic challenges and instability which can be addressed by the implementation of a charter of economy and cooperation among all political parties on key economic policies.

Conclusion:

In conclusion, good governance serves as the cornerstone of a prosperous and stable society. While the principles of good governance remain consistent across sectors whether public or private, however, their implementation may vary due to differing structures and objectives. In public sector, good governance is achieved via parliamentary committees and anti-corruption agencies while in private sector it is achieved from risk management strategies and ethical business standards. Moreover, seven key indicators of good governance - accountability, transparency, participation, responsiveness, effectiveness and efficiency and strategic vision provide a comprehensive framework for evaluating governance practices. However, Pakistan's standings on these indicators, as reflected in international indexes, reveal areas for improvement.

"Justice is the foundation of good governance. Without justice, society crumbles, and the ruler loses the trust of his people."

(Hazrat Ali A.S - Charter of Good Governance)

This statement reflects Hazrat Ali's profound understanding of governance principles based on justice, compassion and integrity, serving as timeless guidance for today and future leaders.