

GOOD GOVERNANCE

A Critical Introduction

MASZLEE MALIK



3.4
AS



IIUM
Press



PERDANA
LEADERSHIP
FOUNDATION
YAYASAN
KEPIMPINAN
PERDANA



GOOD GOVERNANCE

A Critical Introduction

Best wishes,
Mazhe
8/12/2018





TUN DR. MAHATHIR MOHD.

GOOD GOVERNANCE

A Critical Introduction

MASZLEE MALIK



**IIUM
Press**

Gombak • 2015

PUSTAKA PERDANA



1011536

First Print, 2015
©IIUM Press, IIUM

IIUM Press is a member of Majlis Penerbitan Ilmiah Malaysia – MAPIM
(Malaysian Scholarly Publishing Council)

All rights reserved. No part of this publication may be reproduced,
stored in a retrieval system, or transmitted, in any form or by any means,
electronic, mechanical, photocopying, recording, or otherwise,
without any prior written permission of the publisher.

Perpustakaan Negara Malaysia

Cataloguing-in-Publication Data

Maszlee Malik,

INTRODUCTION TO GOOD GOVERNANCE : A CRITICAL INQUIRY /
MASZLEE MALIK.

ISBN 978-967-418-374-5

1. Management. 2. Leadership. 3. Title.
658.4

Published by:

IIUM Press

International Islamic University Malaysia
P.O. Box 10, 50728 Kuala Lumpur, Malaysia

Printed in Malaysia by:

Card Information Sdn. Bhd.

49, Jalan 31/10A

Taman Perindustrian IKS,

Mukim Batu,

68100 Kuala Lumpur, Malaysia

658.4
MAS

CONTENTS

Abbreviations	vii
Preface	ix
Acknowledgement	xi
INTRODUCTION	
Good Governance as the Focal Issue	xiii
CHAPTER ONE	
Governance: Definitions and Conceptual Framework	1
Defining the Concept	1
Conceptual Framework	4
Reflecting on the Definitions	19
CHAPTER TWO	
Good Governance: an Overview	21
The Genesis	22
Reflecting on the emergence of the concept of Good Governance	28
Good Governance as a Concept	33
Features of Good Governance	36
Conclusion	40
CHAPTER THREE	
Deconstructing the Concept of Good Governance: Good Governance as the New Face of Colonialism	42
CHAPTER FOUR	
Responses to the Good Governance Discourse from the Periphery: the Asian Values Discourse	51
CHAPTER FIVE	
Deconstructing Good Governance: the Post-Developmentalist Critiques	58
CHAPTER SIX	
Critical Analysis: Good Governance As Part of the Modernity Project	62
Modernity as Eurocentrism	66
Deconstructing Modernity	72
The Cultural Relativists' Response	74
Post-Colonialists' Response	79
CONCLUSION	
Towards Alternative Approaches to Governance	82
Multiple Modernities	84
References	89
Index	103



ABBREVIATIONS

AHDR	Arab Human Development Report
CIPFA	Chartered Institute of Public Finance and Accountancy EU European Union
E-HDI	Ethics-augmented Human Development Index
FBO	Faith-based Organisations
GDP	Gross Domestic Product
GNP	Gross-National Product
GWG IIAS	Governance Working Group of the International Institute of Administrative Sciences
HDI	Human Development Index
HIC	High-income Category
IDB	Islamic Development Bank
IFI	International Financial Institutions
IGI	Islamic Governance Index
IMF	International Monetary Fund
ISI	Import-substitution industrialization strategy
LIC	Low-income category
LMC	Low middle-income category

ABBREVIATIONS

MDGR	Millennium Development Goals Report for the Arab Region
MDGs	Millennium Development Goals
NGO	Non-Governmental Organisation
NPE	New Political Economy
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
OIC	Organization of the Islamic Conference
PPP	Purchasing Power Parity
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
UMC	Upper middle income
UN	United Nations
UNDP	United Nations Development Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organisations
USAID	United States Agency for International Development
WFDD	World Faiths Development Dialogue
WGI	World Governance Index

PREFACE

Governance is both a very new and very old subject in political science. It marks a return to the conception of political study organized around key words like constitution, government, polity, politics and other related themes. 'Good Governance' agenda as introduced by Bretton Woods' institutions according to the Washington Consensus is the result of conventional developmental theories, and represents the contemporary kernel of truth on how to develop.

Thus, international institutions have promoted a 'Good Governance' agenda as an archetypal model to achieve development for underdeveloped and developing countries. However, on closer scrutiny we can trace the root of this agenda back to the hegemonic nature of modernity that proposes a specific meta-narrative upon others, as part of Eurocentrism. Many, however, have criticized this Eurocentric paradigm, since the non-Western communities with their own constructed version of 'good' in governance have also proven their ability to develop and prosper in the present or in the past.

Thus, the cultural and value-laden nature of such vernacular concepts provides the rationale for the existence and practice of other paradigms. Accordingly, the contemporary reality of plurality demands a fresh look into the narratives of different civilisations, cultures and ideologies, rather than the imposed meta-narratives of modernity. Hence, explorations of religion and faith to develop an alternative notion of 'Good Governance' from 'other's' worldview are also necessary.

This small volume aims to bring to the readers a general conceptual idea of Good Governance as part of Washington Consensus products and to understand critics launched against it from different points of views and propose the 'multiple-modernity' approach as another alternative to enhance the Good Governance framework. This small effort is dedicated to beginners who are trying to understand the basic idea of Good Governance from a holistic point of view and from its bigger picture.



ACKNOWLEDGEMENT

I dedicate this small volume to my Mevlana and Khojam, Professor Mehmet Asutay, from Durham University, UK for being my guidance and teacher, and from whom I learned to appreciate maktub.

Similarly I dedicate this piece to my IIUM colleagues from the department of Fiqh and Usul al-Fiqh of the Kuliyyah of Revealed Knowledge and Human Sciences (KIRKHS), and all my companeros in IIUM Academic Staff Association (ASA).

My utmost special dedication goes to my parents (my late father and my beloved mom), my 'Zahir' Dr Hamidah Mat, and my children Nusaybah, Sumayyah, Rufaydah and Mujaddid, whom it would have been impossible for me to accomplish even a paragraph of this volume without their relentless support.



INTRODUCTION

Good Governance as the Focal Issue

Governance is both a very new and very old subject in political science. It marks a return to the conception of political study organized around key words like constitution, government, polity, politics and other related themes. It has also been used to describe decision-making processes and ensuing implementation, frequently associated with government and public administration. However, recent developments in Western democracies have shaped a new discourse of governance and aroused interest in the detailed knowledge of mechanisms and actors of governance. As a result, there have been attempts at measuring the quality of governance and—last but not least—reforms of the public sector have been directly or indirectly influenced by these “reinvented” concepts of governance. At present, governance predominantly refers to the co-ordination of social systems, public-private relations and increasing reliance on informal authority (Pierre and Peters, 2000).

‘Good Governance’ agenda as introduced by Bretton Woods’ institutions according to the Washington Consensus is the result of conventional developmental theories, and represents the contemporary kernel of truth on how to develop (Mehmet, 1995: 127; Van Dok, 1999: 11). It was promoted within the spirit of neo-liberal discourse during the 1990s, as the major prerequisite of development according to its proponents, and, in a way, articulated the ideas of ‘The End of History’ thesis developed by Fukayama (1992) in a rather Hegelian understanding. Equally, it also refers to a political regime based on a liberal-democratic polity model, which protects human and civil rights, combined with component, non-corrupt and accountable public administration (Blunt, 1995; Leftwich, 1993; Neumayer, 2003). In the same way, ‘Good Governance’ is defined as any system in any country which has the elements of: (all parties) participation, consensus oriented (policies), accountability, transparency, responsiveness, effectiveness and efficiency, fairness and inclusiveness, and rule of law (World Bank, 1992; UNDP, 1997). Accordingly, the term would also imply

to the sets of rules (*system*) governing the actions of individuals and organizations (*society*) and the negotiations of differences between them that could only be crystallized through proper institutions (Van Dok, 1999).

Despite its aspirations to determine the ideal way of developing, 'Good Governance' as a policy imperative has also received criticism from various parties. As an agenda promoted by developed Western countries to underdeveloped or developing countries (Third World) it has been perceived by some as an expansion of neo-liberalism hegemony (Leftwich, 1993; Moore, 1993; Burnell, 1994; Tetzlaff, 1995; Mehmet, 1995: 126; Pagden, 1998; Jreisat, 2004; Kothari, 2005); while some have viewed it as neo-colonialism by developed countries (Tetzlaff, 1995; Moore, 1996; Pagden, 1998; Anghie, 2000), and some believe Good Governance to be a part of a Western project to undermine the 'other' way of life (Mehmet, 1995; Anghie, 2000). By the same token, some accuse the agenda as being part of 'developmental supremacy' of developed countries over the Third World (Escobar, 1995; Mehmet, 1995; Rahnema, 1997). On the other hand, many researchers have launched their criticism of the concept from its technical failure based on the empirical results of its operations in Latin America, African countries and the Balkans (George and Sabelli, 1994: 142-61; Goldstein, 2000; Stewart, 2000; El-Said, 2002; Stiglitz, 2002).

A deconstruction of the critiques and the concept itself, however, lead to the root of the problem, as the concept can be located within the Eurocentric worldview. Neo-liberal agenda, neo-colonialism, Western values and developmentalist domination all refer to one main source: enlightenment originated Western modernity's conception of the other by influence on the ideological, political and economic discourse of governance and development with the objective of coercing them to embrace its own ideals. Eurocentrism, thus, is rooted strongly in the very realm of modernity (Mehmet, 1995; Mazrui, 2001; Schech and Haggis, 2000: xii). In other words, liberal values, as the core foun-

dation of the ‘Good Governance’ reform agenda, is accused of being another product of modernity, which was the zenith of achievement of post-Enlightenment Europe.

The post-Enlightenment occidental world has imposed itself as the centre of the future life of the human species. Enlightenment, as a landmark of ‘modern’ civilisation, should not only be defined as a period of time, but should also be understood as “a set of interconnected ideas, values, principles and facts which provide both an image of the natural and social world, and a way of thinking about it” (Hamilton, 1992:21), and hence as a project. This ‘modernity’ discourse proves that religions and beliefs are the major impediment to human development and progress. Instead, reason and science have the ability to change and improve the nature and social condition of human beings. This concept is believed to have awakened the Western people from their dependency on metaphysics in searching for the well-being of life (Hamilton, 1992; Porter, 1990). At the same time, science has allowed humans to determine their life, control nature instead of being controlled by it and make her more productive to serve the purpose of their lives through the invention of machinery through utilitarianism, which would abolish drudgery, and free humans from illness and famine (Shanin, 1997). Religion and superstition, upon which people were once heavily depended to face those calamities, were now being denied and cursed for their failure and irrationality. Thus, rationality was seen to prevail against the irrational traditions and religious ways of doing things and it was expected that a convergence should take place in a hierarchical order to lead all the uncivilized and underdeveloped, namely un-modernity projects, towards the Western ideals.

The whole process of transformation, as a ramification of Enlightenment in Western terms, leans towards a generic term of ‘modernity’ (Porter, 2001; Wegner, 1994). This modernity, which represents ‘Western civilisation and culture’, is glorified as the model of absolute truth and value, hence the ‘universal model of progress and development’ (Bennett, 2005: 25). Modernity as a project can be summarised in a number of specific central ideas such as:

- a) '*Reason or rationality*' as the way of organising knowledge;
- b) '*Empiricism*' as the only way to determine the validity of any idea solely through empirical facts as a result of experiments and scientific explorations;
- c) '*Scientific*' knowledge as the only key to expand all human knowledge;
- d) Scientific knowledge bearing '*universalism*' reason and science to produce general principles and laws to be applied to all situations;
- e) This will lead to '*progress*' by improving the nature and social conditions of human beings;
- f) The progress must preserve the principle of '*individualism*' through the eradication of any domination of the authority over individuals;
- g) In order to safeguard those principles, '*secularism*' as a worldview must dominate the realm of knowledge and structures to replace traditional religious authority;
- h) This will entail '*toleration*' as the major theme of humanity and modern life;
- i) The concept of '*uniformity of human nature*', which teaches the concept of equality amongst the human race according to their rights;
- j) All the concepts can only be implemented with the existence of a viable '*freedom*' in individuals' lives with the absence of any barriers for one's belief, trade, communication, social interaction, sexuality, ownership of property and voicing opinions and thoughts;
- k) All societies are expected to converge towards the West's modernity project in a hierarchical manner. (Hamilton, 1992:21-2; Porter, 2001)

Hence, the issue of governance as a Western model is strongly derived from and rooted in this worldview. This paradigm claims that the meta-narrative or meta-theory of this Western worldview can explain the world. Modernisation is presented as ‘the rational’ and ‘the universal’ social project to be achieved by the irrational, passive and ‘non-modern’ others (Hall, 1992: 312-13; Porter, 2001). European culture, lifestyles, systems and knowledge as the main image of the ‘West’ and ‘modernity’ has been put at the centre of human life in modern times (Roberts, 1985; Mann, 1988; Hall, 1992). This Eurocentrism, which represents Western civilisation, in such a manner, has been declared as the ‘end’ to world history (Fukuyama, 1992).

Accordingly, Western discourses of governance, deeply rooted in this worldview, neglect the elements of culture and values, which are considered as inadequate with the ‘universal’ barometer of modernity and development. The critics of ‘Good Governance’ describe the situation as a ‘new-colonialism’ agenda imposed by liberal, Western-dominated international institutions. It represents the ‘hegemony of Eurocentric culture’, which is characterized by the larger picture of economic stratification, military inequality, a disproportionate emphasis on European ideologies, the proliferation of Western-derived systems of education, consumerism and life style (Mazrui, 2001). In fact, modernity as a political and intellectual project, has a long tradition of dominating, excluding and misunderstanding the non-West. This stance seems to imply that modernisation is not merely a structural transformation but also a practice based on discursive formations such as, e.g., the culture, knowledge and economic and political superiority of the West. Western values and beliefs were imposed and forced upon others, specifically the Third World as a means of saving them from their underdevelopment and backwardness (Schech and Haggis, 2000: xii).

In the same manner, within the framework of the ‘Good Governance’ agenda, governance’ is ‘good’ if it suits the philosophy designed mainly by the Bretton Woods institutions according to the values they believe in. Those values might not suit the nature of some underdeveloped societies or states to improve their performance in

social, political and economical fields. Some reports suggest that certain programmes imposed on those countries not only worsened their situation but also resulted in new problems (George and Sabelli, 1994: 142–61). Lack of ‘indigenity’ and culture characteristics in tackling underdevelopment issues have been identified amongst the lacunae within current Good Governance projection by other researchers and international reports (Hofstede, 1991; UNDP, 1994; Blunt, 1995; Dwivedi, 2001 and 2002; Schech and Haggis, 2002). Hence, an exploration of the panacea based on the values of the society is justified for its possible potential to cure the aforesaid situation.

As per the argument of the critics, the post-modernity world demands a fresh look into the narratives of different civilisations, cultures and ideologies rather than imposed meta-narratives of modernity. Hence, explorations of religion and faith to develop an alternative notion of ‘Good Governance’ from ‘other’s’ worldview is also necessary. Much could be learned from cultures, religions and faiths in the realm of governance studies from the phenomenological perspective. These elements give the human race a ‘sacred canopy’ against the threat of the lack of meaning (*anomie*) of the world and accordingly will lead the society to appreciate the innate precariousness of the *nomos* (meaningful order) (Berger, 1967: 28). As an example, the relation between Islamic values and the issue of governance that is the product of the worldview has a great deal of historical experience that is worth exploring. The same can be applied to the rich Confucianism-oriented Chinese culture and philosophy derived from the teachings of Confucius and Mencius. Similarly, the Dharma-based Indian values articulated from Kautilya and Ashoka wisdoms regarding political and administrative affairs are another invaluable source by which to enhance the ideal. The list goes on to include other cultures and faiths (Harris, 1990; Sen, 1999; Frederickson, 2002; Inayatullah & Boxwell, 2003: 14; Dellios, 2005).

This small volume aims to bring to the readers a general conceptual idea of Good Governance as part of Washington Consensus products and to understand critics launched against it from different points of views. The first chapter discusses the general meaning of the

word governance and how it has evolved throughout human history and modern age into different concepts and ideals. Chapter Two will briefly look into the historical root of 'Good Governance' as a political economic agenda that dates back to 1989 following the World Bank report on Sub-Saharan under-development and to understand the liberal concepts of governance which constitute the core philosophy of the agenda. This will be followed by Chapter Three where the whole concept of governance will be deconstructed through its discourse, its current practices and critiques of Good Governance as part of Bretton Woods' institutions' agenda by different interested parties.

Chapter Four will deal mainly in exploring the responses of the opponents and critics of the Good Governance agenda from the periphery, with specific reference to the discourse of Asian Values from East Asian countries. Subsequently, Chapter Five will explain further on how to understand modernity as the epistemological-inspiration of Good Governance as mentioned by the critics, and its impact on the discourse of governance, and how it should be addressed and treated. The discussions in Chapter Five will be followed by a further analysis on the critics' accusation that implies Good Governance as part of the modernity project, hence by its nature imposing the Eurocentricity, neo-liberal agenda, neo-colonialism, Western values and developmentalist domination. Eventually, in the conclusion chapter, this research will *propose the 'multiple-modernity' approach as an alternative to the current modernity discourse of Good Governance* through the incorporation of culture, faiths and tradition with the development, economy, politics and governance in a more progressive dimension. The multiple-modernities approach attempts to bring the 'other' values or cultures into the centre. Hence the centre will not be dominated by a single hegemonic thus associated to only an ethnocentric interpretation of the term 'modernity'.

This book is dedicated to beginners who are trying to understand the basic idea of Good Governance from a holistic point of view and from its bigger picture. As an introductory reference with some critical elements, this book is a companion for students of political economy, governance and development. This concise and brief book will help its

readers to have a new dimension in exploring the multi-dimensional paradigms of the term governance and its usage, and to encourage them to critically look at the current Good Governance agenda as promoted by the Bretton Woods financial institutions as part of the Washington Concensus.

MASZLEE MALIK

International Islamic University Malaysia

CHAPTER ONE

Governance: Definitions and Conceptual Framework

The 'governance' phenomenon indeed is another big idea that has re-emerged in the past decade. The term was first introduced as a panacea for underdevelopment and poverty in the early 1980s, and was suggested as a remedy for many other problems and challenges, as well as being viewed as another ideological excuse for certain power groups to dominate others. At the same time, the term 'governance' currently connotes a myriad of meanings depending on the context in which it is being used and what adjectives are added to it. The term undeniably has its significance and philosophy, so it became very popular and a favourite term of many. Hence, this introductory chapter attempts to locate the origin of the term, its meaning, framework and philosophy. An unambiguous understanding of the concept is crucial in order to comprehend its implications for the framework of this research.

Defining the Concept

After the World Bank's report on the underdevelopment of Sub-Saharan Africa in 1989, the term governance took on a new dimension. It has since become a multi-usage phrase in diverse fields and areas. The term which was once firmly linked to the political setting of government has now become common in the fields of political economy and development. The definitions of governance, therefore, are manifold.

To begin with, the term governance is etymologically connected to the Greek verb *kubernân* which means 'to pilot or steer'. Plato used the verb regarding how to design a system of rule. The Greek term gave rise to the Medieval Latin *gubernare*, which bears the same connotation of piloting, rule making or steering (Kjær, 2004: 3).

Lexicographically, governance is derived from the Latin ‘*cybern*’ which means ‘steering’, the same root as in ‘cybernetics’ (the science of control). Cadbury (2002: 1) relates this meaning to Cicero (106 B.C.–43 B.C.) who in his *De Senectute* (On Old Age) states “[h]e that governs sits quietly at the stern and scarce is seen to stir”. Later, the term evolved to be used in French (*gouvernance*) in the fourteenth century to refer to ‘seat of government’ or the royal officers rather than to the process of governing or ‘steering’ (Pierre, 2000: 23).

The term ‘governance’ was used extensively in the earlier modern day to mean the act of governing, as in the function and performance of ‘government’ and the word ‘government’ was defined as the “form of organization of State” or a “body or successive bodies of persons governing a State; ... and administration or Ministry” (*Concise Oxford Dictionary*, 2009). The term governance denotes the performance or conduct of governing; the office of function of governing; sway, control. Hence, to govern is to “rule or control with authority; to be in government” and also refers to the relationship between the governors and the governed, such as that between the government and the people, and has at its basis the decision-making powers ceded by individuals to those in authority so that the common interests of society can be served (Iqbal and Lewis, 2009: 2). For a long time, the usage of the term was mainly limited to constitutional and legal issues concerning the conduct of ‘affairs of the state’ and/or to the direction of specific institutions or professions with multiple stakeholders (Jessop, 1998: 30).

Within this framework, the words governance and government differ from each other, since government in its technical usage focuses on the political system with its institutions (electoral system, type of government, political parties, bureaucratic, *etc.*), while governance implies “general conduct of which power is exercised by governments and authorities at national, regional and local levels, and the way in which they fulfil their duties of care and accountability in managing and dealing with the economic, social, ecological and cultural resources and institutions for which they are responsible” (Van Dok, 1999: 10). Perhaps the redefinition by the Canadian Institute on Governance of

the term will give a clearer picture of this demarcation: “Governance comprises the traditions, institutions and process that determine how power is exercised, how citizens are given a voice, and how decisions are made on issues of public concern.”¹

The current use, however, no longer deals with the term governance as a synonym for government. Rather, it refers to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed (Rhodes, 2003: 46), or it might also signify the modes and manner of governing, of the institutions and agents in charge of governing. This new broader dimension of the recent use of the term still engulfs its literal meaning of “the art of steering societies and organizations” (Graham, *et al.*, 2003: 2). The new use of the term ‘governance’, hence, departs from its original meaning, which exclusively connotes the political guidance or steering to the non-hierarchical control model focusing on cooperation between state and non-state actors, and the participation of larger actors. This new understanding of ‘governance’ is broader than that of ‘government’.

A very detailed concept of governance, produced by the Commission on Global Governance (1995: 2), clarifies the term as: “The sum of the many ways individuals and institutions, public and private, manage their common affairs. It is the continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken”. Consequently, this new paradigm also represents an alternative for the old framework of government for hierarchical control, on the level of national, inter-state policy (*i.e.* EU policy) and in international relations (Kooiman, 1993; Rosenau and Czempiel, 1992).

However, a thorough investigation of the contemporary utilisation of the term governance indicates that it has shifted enormously from its initial usage. Not only has the separation between governance and government become exacerbated, governance is also no longer confined to the political realm. The term has become a concept that

1 Canadian Institute on Governance, (www.iog.ca)

differs in terms of usage from one context to another (Williamson, 1989: 11). These differences are elaborated further in the following sections.

Conceptual Framework

Although governance has only recently entered the standard Anglophone social science lexicon, it has become a buzzword in various circles. A closer look at the subject will uncover the diverse usage of the term, which is applied to different contexts and different connotations. However, the semantic meaning of governance as ‘steering’ is still present in all the usages despite the differences. The following sections deal with those different usages based on the diverse definitions. The definitions imply clearly that the concept of ‘governance’ is not an exclusive terminology but rather can be applied to a variety of organizations and institutions, and is thus not limited to politics or economics as might be expected (Rhodes, 1996: 47–56; Rhodes, 2000: 55–63; Hirst, 2000: 13–35).

(i) Governance as Policy Instrument

Despite its various and inconsistent usage, the term governance as defined by political scientists refers to two of the most basic questions: ‘Who governs?’ and ‘How well?’ The former refers to the issue of power, its distribution and resources in the community and political structure, while the latter, referring to the issue of ‘Good Governance’, focuses on effective institutions, efficient methods of operation and equitable policy outcomes (Jreisat, 2004: 1004). This basic understanding of governance deconstructs the very fundamental concept of the use of the term governance, which can be found in Hyden’s (2001) definition:

Governance is the stewardship of formal and informal political rules of the game [which] refer to those measures that involve setting the rules for the exercise of power and settling conflicts over such rules.

This definition is similar to the classical meaning and the general understanding of the term governance, which implies the framework of government and the discussion about instruments involved in governing the state. This is also the general definition given by the World Bank to the term, governance as: “The exercise of political power to manage a nation’s affair” (World Bank Report, 1989: 60). The focus of discussion in this type of governance is about power, the distribution of power, and other issues related to government.

This definition is similar to that of Landell-Mills and Serageldin (1992: 304), who maintain that governance denotes how people are ruled and how the affairs of a state are administered and regulated. It refers to a nation’s system of politics and how it functions in relation to public administration and law. Thus, the concept of governance goes beyond that of ‘government’ to include a political and politically-constructed administration dimension.

Kooiman (1993: 258) defines governance as:

The pattern or structure that emerges in a socio-political system as a ‘common result or outcome of the interacting intervention efforts of all involved actors’. This pattern cannot be reduced to [the outcome produced by] one actor or groups of actors in particular.

This definition does not impose a structure but states that political culture produces its own style and structure of governance out of its political culture in an inductive manner, which, however, may not be Good Governance. Graham *et al.* (2003: 2), in contrast, state that the core meaning of governance emphasises the fundamental principle of governance which is about power, relationships and accountability: who has influence, who decides, and how decision makers are held accountable. Thus, governance according to them is:

...The interactions among structures, processes and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens or other stakeholders have their say.

(ii) Governance as minimal state

Discourse of minimal state has been a heated debate in the political economy field for many years, and as an important feature of the neo-classical-based new public administration, it refers to the extent and form of public intervention and the use of markets and quasi-markets to deliver 'public service' (Rhodes, 2003: 47). Referring to this neo-classical position, Stoker (1998: 18) suggests that: "Governance is the acceptable face of spending cuts". However, the concept refers to more than the 'cuts', it refers to the nature and the shape of public administration or the operation of governance. Governance as the minimal state encapsulates, therefore, the preference for 'less government' but also 'small yet efficient government'. By referring to such notions of governance, governance can best be described as: "... self-organizing, inter organizational networks characterized by interdependence, resource-exchange, rules of the game, and significant autonomy from the state" (Rhodes, 2003: 15).

It should be mentioned though that the very idea of minimal state is not new. From the emergence of Smith's *laissez-faire* up to Hayek's view on the limited authority of the state, the idea has aimed at preserving the individual's rights from being infringed by 'the state' (Hayek, 2007 [1944]), as the minimal state was the theme of the 19th century liberals and was the core part of their ideology of 'liberties'. State as perceived by the liberals is only responsible for traditional duties such as security, welfare and the rule of law (Hayek, 2007 [1944]).

Accordingly, the market is to be free from the tyranny of the state. However, this notion of less-state control must not be confused with the anarchist idea of state-nihilism. The extreme idea of Rand (1967), Rothbard (1961) and Friedman (2002) known as the anarcho-capitalism which emphasizes the ultimate free-market and the non-interference of the state is not what governance means by minimal state. Similarly, according to the proponent of Good Governance, minimal state is highlighted as an important tool in achieving efficiency for development. Even the market's efficiency depends heavily on the governance issue and minimal state interference. However, in the later

stage, due to the failure of the market in some cases, some experts are calling for state interference for regulation and for efficiency of the economy (World Bank, 1997).

(iii) Governance as corporate governance

As can be seen from the two previous technical definitions of the term governance referring to its usage in the macro governance issues (public policy and state), the word governance has also been employed widely at the micro level, specifically in the public sector. At this micro level, the term governance is strongly associated with the concept of 'corporate governance', which deals with business, finance, management and organizational affairs. In this framework, corporate governance, also occasionally referred to as 'Good Governance' at the micro level refers to the way in which business corporations are directed and controlled (Jones and Michael, 2004; see Cadbury Report 1992: 15).

The Committee on the Financial Aspects of Corporate Governance (Cadbury, 2002: 1) defines corporate governance as: "The system by which companies are directed and controlled". This framework identifies the principles of Good Governance as being a stakeholder decision-making process aimed at efficiency through integrity, openness and accountability. Such a concept, as elaborated by Demb and Neubauer (1992:187) in their classic work, *The Corporate Board: Confronting the Paradoxes*, was termed: "The process by which corporations are made responsive to the rights and wishes of stakeholders".

In explaining the genealogy of the concept, Aguilera and Alvaro (2004: 418) suggest that the concept was triggered by certain events, mainly from the period of transition of the conglomerate merger movement in the 1960s in the USA to refer to the empire-building behaviour by management through hostile takeovers, and then to the shareholder rights movement of the late 1980s up to the early 1990s. Initially, the first code of governance in the business sector came into being in the late 1970s in the USA amid the great corporate fervour of business, legal, academic, and political constituencies (Aguilera and Alvaro, 2004: 418). The other event that led to the emergence of the corporate governance issue was the 1990 British recession and

GOOD GOVERNANCE

A Critical Introduction

Governance is both a very new and very old subject in political science. It marks a return to the conception of political study organized around key words like constitution, government, polity, politics and other related themes. While 'Good Governance' agenda as introduced by Bretton Woods' institutions according to the Washington Consensus is a result of conventional developmental theories, and represents the contemporary kernel of truth on how to develop. This small book aims to bring to the readers a general conceptual idea of Good Governance as part of Washington Consensus products and to understand critics launched against it from different point of views. This small effort is dedicated to the beginners who are trying to understand the basic idea of Good Governance from a holistic point of view and from its bigger picture.

Dr Maszlee Malik, graduated his studies at Jordan in 1994. He is an undergraduate in the field of fiqh and usul fiqh at al-Bayt University, Jordan and holds a master's degree in the same field from the University of Malaya. He obtained his doctorate degree (PhD) in the United Kingdom in Political Science. Maszlee also experienced teaching at Durham University in the years 2008-9. He was also invited to be a guest speaker for SOAS summer school on 'Political Islam' for the two consecutive years of 2009-2010 for the topic 'Political Islamic Movements in South-East Asia'. He posses vast experience doing NGO charity works in Lebanon and Jordan since the year 2004, that gave him a myriad of experience in dealing with political literatures in Arabic language and the political situation in the Middle East. Furthermore, Maszlee is also frequently invited as guest speaker by many Malaysian media to talk on the issues relate to Political Islam, Middle Eastern Politics and Arab Spring. Currently holding the post of assistant professor in the Faculty of Islamic Revealed Knowledge and Human Sciences at the International Islamic University Malaysia, Kuala Lumpur. His research area is in Islamic jurisprudence, Contemporary Islamic Political Thoughts and Movements and Good Governance.

ISBN 978-967-418-374-5



9 789674 183745

IUM Press

Tel : +603 6196 5014 / 6196 5004

Fax : +603 6196 4862 / 6196 6298

Email : iiumbookshop@iium.edu.my

Website : <http://iiumpress.iium.edu.my/bookshop>



PERDANA
LEADERSHIP
FOUNDATION
YATASAN
KEPIMPINAN
PERDANA