The Concept of Governance and Public Governance Theories

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Summary:

At the end of the twentieth century and the beginning of the twenty-first century the concept of governance has taken on a central part in contemporary debates in the area of social sciences and particularly in the field of public administration. The concept has been used frequently, but often with quite different meanings and implications. It is considered that a major reason for the increasing popularity of the concept, in contrast to the narrower term of'government', is its capacity to cover the whole range of institutions and relationships involved in the process of governing.

This paper discusses a variety of meanings and different approaches of governance, but its main focus is on the capacity of government to make and implement policy, or, in short, just to steer society. Thus, thinking about governance is thinking about how to steer the economy and society, and how to reach collective goals.

Key words: governance, governance theories, government, public administration

JEL Classification: H00, H1, H7

Introduction

It is well known that the words 'government' and 'governance' have the same root but they do not mean the same thing. It should be recalled that governance is a rather old term which was used in French (*gouvernance*) in fourteenth century to refer to royal officers rather than to the process of governing or steering. A question of major concern in the article is the relationship between government to governance, and in particular whether government can continue to govern society successfully by making and implementing policies.

According to J. Pierre and B. Guy Peters (2000, p.29), the role that government plays in governance is a variable and not a constant, because there are models of governance that are state-centric and some that are more society-centered. For a number of researchers governance is closely identified with government. As suggested by A. M. Kjar (2004, p.10-11) "governance is the capacity of government to make and implement policy, in other words, to steer society". This definition refers more to traditional steering capacities of states and it introduces an important distinction between 'old' and 'new' governance. Inherent to the old governance is a traditional notion of steering by national governments by applying the top down approach, and the degree of control the government is able to have over social and economic activities. The new governance has more to do with interactions of the center with society and in case there is more self-steering in networks, because self-organizing networks can block implementation. In

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this way, on one hand, they may have a negative impact on the capacity to steer, or, on the other, they can increase efficiency by cooperating in policy implementation. Consequently, in new governance theory networks may have both negative and positive impacts on steering capacity.

The object of research in the article is the concept of governance and the analysis is focused on the conceptual and theoretical problems in understanding governance. This paper attempts to achieve two main goals: to make an overview of the literature on governance relevant to the study of public administration and to provide a critical interpretation of the different views of governance. Researchers interested in this topic have different views about governance and as a result this debatable concept should be subject to further clarification and explanation.

This paper has several tasks: 1) to outline the different approaches to governance; 2) to clarify some core concepts in governance theory and the different models of governance; 3) to explain the relationship between governance and government; and 4) to present the development of public governance theories and administrative practices.

1. Understanding the concept of governance

The conceptualization of governance is slightly confused in the literature on governance, which can be accounted for with the dual meaning of the concept itself. It is J. Pierre (2000, p.3) who argues that "on one hand it refers to the empirical manifestations of state adaptation to its external environment as it emerges in the late twentieth century and on the other hand, governance denotes a conceptual or theoretical representation of co-ordination of social systems and, for the most part, the role of the state in that process".

Scholars use governance in both the old and the new sense: Governance is the institutional capacity of public organizations to provide public and other goods demanded by a country's citizens or the representatives thereof in an effective, transparent, impartial, and accountable manner, subject to resource constraints. This is a broad and a largely abstract definition, but it provides a common ground to all the different approaches of governance. It should be pointed out that this definition of governance is typical of international organizations, which, through 'good-governance' programs, try to support reforms and increase the capacity of the recipient governments' to steer. The aim of these programs is to promote and strengthen participation by civil society in governing, considering that society generally requires better and more efficient government.

In *Governance, Politics and the State* J. Pierre and B. Guy Peters (2000, p.14) discuss different views on governance and how it is best understood. For both authors the concept of governance is 'notoriously slippery' and it is often used by scientists and practitioners without a common definition shared by all. As a confusing term governance has become an umbrella concept for a wide variety of phenomena such as policy networks, public management, coordination of sector of economy, public-private partnerships, corporate governance and 'good governance' as a reform objective promoted by the World Bank and the International Monetary Fund. The possible confusion of the interpretation of the term has prompted researchers to consider governance in terms of both structure and process. What is more, there are four common governance arrangements that have existed from both a diachronic and synchronic perspective: hierarchies, markets, networks and communities. In addition, two dominant

dynamic perspectives in the current literature describe governance are the process of steering and coordination.

In structural terms governance is viewed as the variety of political and economic institutions that have been created over time and that they were designed to address problems of governance. Thus, governance conducted by and through vertically integrated state structures presents an idealized model of democratic government and public bureaucracy. In the Weberian model of public administration this was governance by law, simply because society was governed through the imposition of law and other forms of regulation. Other institutions of the state were also included in a hierarchical system of command and control. Sub-national government has some degree of autonomy but the state never surrendered its legal authority over these institutions. Nowadays this model of governance has critics because it is considered that hierarchies were an appropriate institutional order when public services were highly standardized and markets were domestically controlled but these factors have changed profoundly. In fact, it is not realistically to think that formal hierarchies as system of governance have disappeared, because governance through hierarchies still plays an important part in a large number of national and institutional contexts. There are many case studies that clearly expose the growing relevance of horizontal networks, tough but they are less significant than the hierarchical relations between institutions and actors.

In contrast to the image of hierarchies, the image of markets is the opposite, because "the market has come to be seen as everything 'big government' is not; it is believed to be the most efficient and fair among all allocation mechanisms since it does not allow for politics to allocate resources where they are not employed in the most efficient way. Markets are also believed to empower citizens in the same way as we exercise powers as consumers" (J. Pierre, B. Guy Peters, 2000, pp.18-19). It should be underlined that in the context of governance, market has different meanings. There is a broad understanding of markets is as a resource-allocation mechanism, or the employment of monetary criteria to measure efficiency. Another way to interpret markets is to view them as arenas where economic actors can cooperate to resolve common problems and employ various mechanisms without distorting the basic mechanisms of the market. In this connection a clear distinction should be made between markets as a governance mechanism and the governance of markets.

Contemporary governance is often described as policy networks. A wide variety of actors are included in these networks such as state institutions and organized interests in a given policy sector. Different networks have a different degree of cohesion and they range from coherent policy communities to single-issue or issue-specific coalitions. Policy networks facilitate the coordination of public and private interests and resources and enhance efficiency in the implementation of public policy. It is out of doubt that the relationship between the networks and the state is one of mutual dependence. It is argued by J. Pierre and B. Guy Peters that "from the point of view of the state, networks embody considerable expertise and interest representation and hence are potentially valuable components in the policy process. However, networks are held together by common interests, which tend to challenge the interests of the state. The development from government towards governance – the decreasing reliance on formal-legal powers – has clearly strengthened the position of the policy networks. One of the dilemmas of the contemporary state is that while it

needs networks to bring societal actors into joint projects, it tends to see its policies obstructed by most networks". (2000, p. 20)

There is another model of governance that has generated a great deal of debate in the literature over the past decades. This model has formed a different angle from which the relations between the state and the market are assessed, rejecting both of these models of governance. The general idea of the model is that communities can and should resolve their common problems with a minimum of state involvement. Thus, "communitarian governance" builds on a consensual image of the community and the positive involvement of its members in collective matters. It is believed that the state or local government is too big and too bureaucratic to deal with these issues. For communitarians government generates at least as many problems as it resolves and the solution to this problem is to organize governance without government.

It should also be highlighted that this view on governance is supported by two groups of scholars. The first group include scholars who think there is too much government and for them "communitarianism is an attractive alternative to having government at different levels decide on matters which are better resolved by members of the community", while the second group presents the view of those who think there is too little government, because for them "it is a means of introducing some sense of collective responsibility into the community. Communitarian governance seems to resolve common problems and foster a civic spirit in the community without breeding large public bureaucracies". (J. Pierre, B. Guy Peters, 2000, p.21)

The four model presented above reflect four different ways of thinking about governance. They emphasize the impact of structures and institutions, but there is another alternative assumption, which

provides some insights into governance. It is connected with a dynamic outcome of social and political actors. But even in this case, institutional arrangements remain important because they determine much of what roles the state can play and actually plays in governance. This approach to governance focuses more on process and outcomes than on formal institutional arrangements and is based on understanding that governance often is less concerned with institutions than with outcomes. Consequently, thinking about governance in a process perspective is important, because governance is not so much about structures but more about interactions among structures.

It was already pointed out in the beginning of the research that the conception of governance as 'steering' is still central to theories of governance. It is well-known that 'governance' derives from the Latin 'cybern' which means 'steering'. It has the same root as in 'cybernetics', the science of control and it could be a reasonable explanation of the notion of the state as 'steering' society. In regard to this, two related problems should be posed: the first, concerns the capability of the state to 'steer" society, and the second, concerns what objectives states can 'steer' and who defines the objectives of governance, including the relationship between actors involved in governance. In addition, this concept of governance is also connected with the idea of coordination of a sector of economy or with the process through which a government seeks to proactively 'steer' the economy. It is obvious that this is a dynamic perspective of understanding governance that seeks to understand how public and private actors control economic activities and produce desired outcomes. The essential aspect of this view is that government has a central role in producing economic outcomes helping to manage the tensions of modern economies in the global environment.

2. Major public governance theories

Despite the difficulties in understanding governance it is out of doubt that of crucial importance for governments and government leaders is to continue to search for innovative mechanisms for making government work better and to serve public better. Charged with reforms governments and civil servants continue their attempts to find better ways of governing. The research carried out by B. Guy Peters (2001, p.22) explains that "the tasks of governing are almost inherently more difficult than the tasks of managing in the private sector, given the multiple goals, the constraints on action, and the demands for accountability that characterize the public sector".

The paper analysis has proved that 'governance' is not just 'government'. Yet, it is true, that sometimes 'governance' and 'government' are used interchangeably. Examining each aspect of the governance agenda B. C. Smith (2007, p.3-4) suggests why 'governance' and 'government' happen to be interchanged. This may happen because "it is difficult under its articles of agreement for the World Bank to taken non-economic considerations (that is, politics) into account, which limits it to a technocratic and managerialist approach to government reforms. But usually governance means government plus something else: public policies, institutions, a system of economic relationships, or a role for the non-governmental sector in the business of the state. 'Good governance' thus expresses approval not only for a type of government (usually democracy) and its related political values (for example respect for human rights), but also for certain kinds of additional components".

For B. C. Smith (2007) to equate governance with government means to focus on technical problems of administrative and legal capacity and the improvement of public sector management, the legal framework for development, accountability through better auditing, decentralization, the policing of corruption, civil service reform, and improved information on policy issues for both decision-makers and the public. There are critics to this approach for its' 'managerialist fixes', 'detached from the turbulent world of social forces, politics and the structure and purpose of the state'. In this context it is important to recognize the support for civil society in order to encourage political accountability, legitimacy, transparency and participation.

The fundamental point in understanding governance is its perspective focusing on the state, and specifically on its role and how the emergence and challenge of governance affect the state in different respects. There are contrary views to a state-centric model of governance analysis, but it is still the key political actor in society and the predominant expression of collective interest. The predominant belief is that "the role of the state is not decreasing but rather that its role is transforming, from a role based in constitutional powers towards a role based in coordination and fusion of public and private resources".

The traditional model of the state has been challenged by the ongoing globalization processes, and this should not be necessarily considered as a threat to the nation state as such. There are many examples and situations such as financial constraints, political protests or legitimacy crises, in which states have demonstrated resilience and innovative approach in meeting a variety of challenges. In addition, globalization of markets inevitably leads to various forms of transnational cooperation. In this way the changes of the external environments reflect and result in a process of state reorganization. This response of the state is about as old as the state itself and it is hardly possible to imagine that the process would stop. The following table presents the development of public governance theories and administrative practices.

Table 1. Public Governance Theories and Administrative Practices

Model/Elements	Weberian Public Administration	New Public Management and post-NPM	Neo-Weberian State	Good Governance
Main period	19th and the beginning of 20th century	From 1980s on	Late 1990s to present	From 2000s and on
Main principles	Legality, equity, responsibility, formalism, rationalization, other elements of administrative law	Efficiency and effectiveness, economy, users' orientation	Efficiency and effectiveness, state governed by law and social welfare	Participation, transparency, legal certainty, responsiveness, accountability, efficiency
Role of the state	All powerful: state solving all societal problems	Minimal: state ensures, but does not provide public services and products	Stronger: state removes market deficiencies, coordinating societal subsystems	Collaborative: state through government strategically develops partnerships for co-decision-making
Scope of the state and public administration in the society	Rather large, state as an authority and public services provider	Small, focused on privatization and delegation of powers	Stronger, delegating but under preserved coordination and control	Small, but coordinating networks in public interest
Conduct and organization of public administration	Efficient bureaucracy, hierarchy for clear responsibility	Privatization, deregulation, decentralization, etc.	Back to effective public polices implementation	State governed by law through delegation, coordination and participation
Relation of public administration to politics	Apolitization	Neutrality, apolitical management	Improving capacity through public administration, with legally limiting polity	Hand in hand common public good
Role of an official	Expert/legalist	Service provider	Expert and at the same time manager	Public interest protector but mediator of private interests, too
Role of public administration beneficiary	Citizen as legislation addressee	Customer, client, user, consumer	Citizen, more as a subject	Active citizen, co-decision-maker
Scope and orientation of administrative law and procedures	Protection of human rights, strictly regulated procedures, focused on individual decision-making, judicial method (inquisitorial)	Efficient implementation of public polices, deregulated procedures, removal of administrative barriers, business methods	Balanced protection of public and private interests, regulation initiatives, regulative methods	Administrative procedures as a dialogue between authority and citizens, balancing interests by administrative method within the discretion of law

Deficiencies	Does not function in rapidly changing and complex society, failure to acknowledge non-classical structures beyond traditional division of powers, self-centrism, etc.	Does not function if lack of authorized and highly ethical public official, endangered equity, corruption, technocracy, corporatism, democracy and constitutional state erosion, etc.	Rediscovering prior existing models of governance as new ones (rule of law, legitimacy, etc.)	Does not function if societal subsystems immature in terms of solidarity and search for common good, favors more active stakeholders. Lack of democratic control due delegation of power

Source: Contemporary Governance Models and Practices in Central and Eastern Europe, (eds.) Kovac, P., G. Gajduschek, NISPAcee Press, 2015, p. 11-12.

Special attention should be paid to 'good governance', which as a concept is still evolving. It is not easy to trace the roots of good governance and that is why different authors use it in different contexts. It is well-known that the concept appeared first in the documents of United Nations' development activities, as well as in the documents of World Bank (WB) in 1992 and of International Monetary Fund (IMF) in 1996. In general, the literature on the topic is basically descriptive. Initially, the UN documents emphasized the importance of participation, consultation, transparency and the rule of law as equally important as administrative and service efficiency, while in the cases of the WB and the IMF it was an attempt to conceptualize it as a modified version of new public management. Currently it is very clear that in the international literature the term is often used to focus more on the problem of how efficiently state institutions and regulatory environments operate and to be more neutral as to the role of the state and to what tasks the state undertakes directly. This view focuses on those aspects of good governance that are most closely related to IMF monitoring over microeconomic policies such as the transparency of government accounts, the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity. For some scholars this approach to good governance is not *per se* incompatible with the good government paradigm and they have shared aims.

The brief overview of the public governance theories presents findings and conclusions from researches on systemic social changes. The dynamics of the social environment demand responses and new governance models are required to cope with most complex issues and emerging crises. In this context good public governance identified as the consolidation of interests and regulation of relations between different people, organizations and other stakeholders in a society is becoming increasingly important. It should also be emphasized that when the concept of public governance has been used different meanings have been attached to it. Various ideas about political authority, the management of economics and social resources, and

Table 2. The Paradigms of Good Governance and Good Governmentels

Good Governance Paradigm	Good Government Paradigm
• Both formal and informal elements are equally significant; in addition to behavior of institutions changing norms and new kinds of operating methods are at least as important; • The role of the state can, at most, be to create the conditions of good governance; both the state ceases to exist as an exclusive or defining actor; • The task is to create a connection between public affairs and the public sector; • Such task may only be fulfilled by developing horizontal instead of vertical structures; • Therefore, the final decision maker must be removed from the equation, i.e. the role of the state needs to be reduced and thereby the functional position of the "decision" is taken over by the geometry of negotiation and the process of seeking a consensus. The result: the process of decision making may be made potentially infinite; • Private organizations must be provided with enough room to exercise their social coordination functions; • Instead of set procedures, governance is conducted by debate, discussion and agreement; • There is a kind of social publicity, designed to act as the final control, that weigh the rationality and normative justice of various arguments; therefore, the concept found its philosophical justification as well as its weaknesses in the concept of deliberative democracy and discourse ethics.	• Governance focuses on solving problems and the actor is the democratic government; • The tool used to solve such problem is democratic reform (currently: a new social contract, a reform of the old-age pension system, workfare, family policy and the policy of democratic integration); • A good government is sensitive and innovative and, using its intelligence, it has the ability to manage emerging new issues; • The state plays the role not only in creating the conditions for good governance but it also undertakes the tasks expected of good governance; • A good government is therefore expected to manage economic and social resources, maintain impartial and transparent management of public affairs, and ensure welfare, solidarity, justice and cooperation; • In other words, the very essence of governance is to provide for the common good; • The ideal of common good becomes identical with the normative content of a good democracy; • The concept of "good government", however, cannot be imagined without an active, intelligent and strong state.

Source: Contemporary Governance Models and Practices in Central and Eastern Europe, (2015), (eds.) Kovac, P., G. Gajduschek, NISPAcee Press, p. 115.

the capacity of governments to formulate sound policies and then perform their functions effectively, efficiently and equitably could be attached and included in governance. Therefore, if the various conceptualizations of 'governance' found in the international discourse and academic sources are not synonymous with 'government', they are with 'politics': the way power and authority are exercised; the management of a country's affairs; the relationships between rulers and ruled; how conflict is resolves; how interests are articulated and rights exercised.

Concluding remarks

There is a growing literature on governance that highlights the importance of the concept, but the complex nature of governance and a number of noted variations of governance explain why there is no common agreement nor a clear vision on its interpretation by scholars, researches and practitioners. There is no single answer, but traditionally a broad

institutional definition of governance refers to the setting, application and enforcement of rules. Obviously, this is too broad and abstract a definition, which is nevertheless often resorted to, because it provides a common ground to all the different approaches of governance.

In addition to viewing governance in terms of both structure and process, there are other governance arrangements that have existed historically as well as at present. Each of these arrangements addresses the problem of providing directions to society and economy in its own way. Each seems to be effective in solving some parts of the governance problem, but each also has its weaknesses. It should also be emphasized that each of the 'solutions' is bound in cultural and temporal terms so they may be effective in some place and at some time, but may not be a panacea for all problems.

The dominant dynamic perspectives about governance in the literature describes it as a process of steering and coordination. This leads to a major concern throughout the governance theory as to how to steer and how to improve accountability. In this sense, together with referring it to the setting and management of political rules of the game, it is identified also with a search for control, steering, accountability, democracy and efficiency.

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