

*Mohammad Mohabbat Khan*

## **FROM GOVERNMENT TO GOVERNANCE: PUBLIC MANAGEMENT IN THE ASIA-PACIFIC REGION**

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### **Abstract**

Reforming public management has been an on-going process in many countries of the Asia-Pacific region. The impulse for such reform came as a result of globalization and viewing governance from two perspectives—NPM strategies and networks, partnerships and deliberative forums. Many factors including market determination, public dissatisfaction with service delivery, growing demand for participation in decision-making, and disillusion with the standard of public sector resource management contributed to the sustaining of public management reform. As a result of reforms and innovations in governance in the region, the character of civil service in the future will be radically altered with more emphasis on competition and flexibility, merit-based performance, promotion and pay, and massive replacement of permanent staff by contract staff. Increasing interaction, co-operation and dependence of the public sector on the private sector, NGOs, and CBOs will become a regular practice. Greater use of information technology will become an indispensable component of future governance. Devolution of authority to elected local government bodies will give way to highly centralized governmental systems, enabling meaningful participation in the governance process by the local stakeholders.

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## 1. INTRODUCTION

There is an increasing realization that globalization is the most dominant force in the world economy and it is affecting society, politics and administration in almost all countries in varying degrees. Rapid internationalization of economic activity, growth of market penetration and moves toward further deregulation and privatization, breakneck speed of new innovation in information and communication technology clearly manifest not only the overarching reach of globalization but the need for a new way of conceptualizing governance. Viewing governance from a global perspective demands a clear understanding about the changed role of the state. It is felt that a collaborative relationship must evolve between the state, market, and the civil society premised on interdependence, steering, networking. Sharing of power with other actors and shrinking of zone of sphere appear to be the characteristics of the modern state. The concept of minimalist state has gained increasing familiarity in the literature.

The retreat of the state has been the result of a number of developments. Tremendous advancement in modern technology has encouraged "states to join together into blocks whose territory is larger than that of individual members" (Creveld 1999:385). Beside regional blocks, technology has created the need for formation of intergovernmental bodies whose number reached 395 in 1984 from 123 in 1951 (Held 1988). It is also claimed that unprecedented progress of electronic information services appears to give a signal of the retreat of the state (Wriston 1992). The revolution in the communication of information has brought into being what is termed as a "global village" and has enabled more people to obtain more information at any other time in human history (Feather 1998: 11-12). Trading organizations located in the private sector in



different countries perform better than states in the arena of international trade as reflected in the doubling of world export product between 1965 and 1990 (Mulhearn as quoted in Creveld 1999: 389). Globalization of the economy and the growing importance of transnational political institutions like the European Union (EU), the World Trade Organization (WTO), the Association of South East Asian Nations (ASEAN) and the North American Free Trade Agreement (NAFTA) also point to the inadequacies of the nation state (Pierre 2000:5).

Also states are unable to meet the increasing demands of their citizens. There is also a feeling among many that modern states are demanding more and more and offering less and less (Creveld 1999:410). In the face of inability of states to satisfactorily meet citizens' demands, non-governmental organizations (NGOs) and grassroots organizations (GROs) along with markets and private enterprises have come to play a significant role as trendsetters in development. NGOs are in a better position vis-à-vis public organizations in a number of areas. They have the capacity to experiment, innovate and adapt; to facilitate local resource mobilization and ensure local development; to act quickly and work flexibly with other organizations; and to effectively promote and advocate important issues, ideas, and programs (Brown and Korten 1991; Kozlowski 1983; Wilson 1983; World Bank 1995; Begum 2000). The shrinking of the state has led to the emergence of the present governance paradigm. It is believed that instead of government, governance framework better represents the reality of to-day's fast-changing and interdependent world.

The paper is an attempt to analyze the concept of governance and to examine the public management reforms in some of the Asia-Pacific countries.

## **2. FROM GOVERNMENT TO GOVERNANCE: PUBLIC MANAGEMENT IN ASIA-PACIFIC REGION**

Governance as a term is now widely known and popular among academics and practitioners who are interested in understanding and analyzing the limited role of government. Still the term has not as yet acquired a meaning that is universally accepted. That is why the term has been labeled as confusing (Pierre and Peters 2000: 14); not clear (Smouts 1998: 81); and not precise (Senarclens 1998: 92). This does not mean that there is paucity of definitions of governance rather there are too many of them. The Commission on Global Governance states that global level "governance ... [is seen] primarily as an intergovernmental relationship... also involving NGOs, citizens' movements, multi-national corporations and the global capital market. Interacting with these are global mass media of dramatic enlarged influence"(1995: 2-3). Stoker further clarifies the term by presenting five propositions of governance. These propositions are intended not only to further clarify the term but also to broaden its domain as well. The propositions are: "governance as a complex set of institutions and actors that are drawn from but also beyond government; governance recognizes blurring of boundaries and responsibilities for tackling of social and economic issues; governance identifies power dependence involved in the relationships between institutions involved in collective action; governance is about autonomous self-governing networks of actors; and governance recognizes capacity to get things done not rest on the power of the government to command or use its authority [rather] it sees government as able to use new tools and technologies to steer and guide" (Stoker 1998:19-24). These propositions point to a number of important dimensions of governance and the "need for a collaborative action involving the state, market and civil society" (Thynne 2000: 230).



It is now firmly held that governance is inevitably an interactive process as no single actor, whether public or private, possesses the knowledge and the capacity to tackle problems unilaterally and single handedly (Kooiman 1993). The idea of collaboration is the most critical feature of governance in modern times. The role of respective components of governance is important to further probe into its nature and process.

The transnational mobility of corporations, capital, and technology as a result of globalization permit private sector in the most favourable climate eluding a national state's jurisdiction. At the same time, overarching reach of technology through such media as internet considerably restricts the degrees of freedom and effectiveness of government intervention (Valaskakis 1999: 155). Transnational corporations, special interest groups, intergovernmental organizations and NGOs have been termed as the rising stars in the world stage while nation-state governments and sub-national governments are labeled as falling stars (Valaskakis 1999:155-156). Nation states, though still dominant, are constrained in their actions by simultaneous functioning of global market in which large corporations and private financial interests exercise enormous power (de Alcantara 1998: 111). The task of government in governance has consequently changed. According to one interpretation it centers around [de] composition and coordination; calibration and steering; and integration and regulation (Kooiman and Van Vliet 1993: 66 quoted in Stoker 1998: 24). This way of looking at the role of the government is to emphasize on the critical contribution of markets, networks and civil society in governance (Pierre and Peters 2000: 18-20; Thynne 2000:230).

As has been discussed above the term governance can be viewed from a number of perspectives. In the context of this paper governance is looked at from two perspectives—new public

management (NPM) strategies and networks, partnerships and deliberative forums (Hirst 2000: 18). From the perspectives of public sector in general and public administration in particular, growth of NPM strategies has two policy implications. "The first issue emanates from privatization of publicly owned industries and public services and the consequent need for regulating service providers to ensure service quality and compliance with contractual terms; second issue surfaces with the introduction of commercial and management styles within public sector, devolving overall policy guidelines and targets"(Hirst 2000: 18). Networks, partnerships, and deliberative forums embrace a diverse range of actors including NGOs, local government representatives, and community groups (Hirst 2000: 18) and focus on co-ordination and self-governance (Rhodes 1997). It has been claimed that networks bring together dissimilar individuals, groups, organizations, and institutions together for purposes that are acceptable both to those immediately involved and to the consumers or users of goods and services being delivered (Thynne 1998: 231).

Then it is natural as well as logical that in governance such terms as partnerships, stakeholders, participation, and sharing of power are deliberated intensively to achieve efficiency, economy, and effectiveness in public sector performance as reflected in service delivery.

### **3. REFORMING PUBLIC MANAGEMENT**

Reforming public management has been an on-going process in many countries of the Asia-Pacific region for one to two decades. The impulse for such reforms came as a result of combination of a number of factors. These included: market determination; public dissatisfaction with service delivery; growing demand for citizen participation in decision making; and disillusion with the standard of public sector resource management (Hunn 1998: 59-60). Other



concerns like cost effectiveness, efficiency, accountability, focus on results, contestability of advice and services, better performance management and decentralization of service delivery also contributed significantly to create pressure for change and reform.

The economic crisis that started in mid-1997 in Thailand severely affected economies in many countries in East and South East Asia including Japan, South Korea, the Philippines, Taiwan, Indonesia, and Malaysia. The crisis jolted the extraordinary economic progress of three decades of these countries. A number of arguments have been put forward to explain as to why the crisis developed. Top down nature of the Asian model that bred and encouraged complacency, cronyism, and corruption was blamed (Time 8 December 1997). Lack of transparency of markets was termed as another cause of the crisis. Markets lacked adequate information about the true financial status of corporations and banks (Singh and Weisse 1999: 207). Massive capital flight, fallen domestic demand and a liquidity crisis in South Korea, Indonesia, Malaysia, and Thailand in 1997 paved the way for the crisis to happen (Rasiah 2000: 951).

During the last decade a number of significant reforms have been implemented in a number of countries in the Asia-Pacific region. There are differences in terms of nature and scope of such reforms. But these planned policy measures are intended to bring about a marked change in governance in these countries. It will not be possible to discuss here in any great length all the reforms in these countries. Rather the focus below is on some significant reforms in some countries that have implications for governance.

### *3.1. Public-Private Interaction and Exchange*

There are many facets in public-private interaction and exchange relations. In both Australia and New Zealand "marketization has been accepted as having general application to all parts of the public

sector”(Halligan 1997:19). Contractualism, competition and contestability are now familiar mechanisms that allow reduction of the scope of public sector and increasing dependence on the private sector. The reliance on private sector is greater in New Zealand than in Australia. In New Zealand state-owned enterprises (SOEs) are to perform like corporations and “demonstrate comparable performance in terms of efficiency and productivity”(Halligan 1997: 22). This corporatization subsequently led to privatization involving transfer of public assets to the private sector. Corporatization and privatization measures also resulted in the reformulation of the departmental structure by the separations of responsibilities for policy and delivery (Halligan 1997: 23-24). In Australia, the government has shown a clear preference towards the private sector in reshaping the public service. A deregulated personnel system; restricting the public service to policy development, implementation of legislation, and oversight of service delivery; and contestability of delivery of services with increasing utilization of the private sector are prominent items in the reform agenda (Halligan 1997: 35). In both Australia and New Zealand measures have been taken to reduce the permanency of public servants and replace them with a time-bound contract system. Public servants are now employed in New Zealand by departmental chief executives on a basis similar to that of their private sector counterparts (Laegreid 2000: 881). In both countries the emphasis is on rewards for performance with provisions for bonus and dismissal for poor results. In New Zealand contracts exist between ministers and top civil servants premised on the performance of the latter (Boston, et. al 1996).

Reforms in Hong Kong led to privatization of a number of government services, contracting out on a wider scale, promotion of divestiture where appropriate, and transformation of civil servants from administrators to better managers (Cheung 1996; Tang, et.al



1994). Malaysia Incorporated Policy (MIP) and privatization are two key elements in Malaysia's reform initiative. MIP is based on the philosophy of close cooperation, collaboration and joint action between government and industry (Commonwealth Secretariat 1995:4). MIP offers opportunities for dialogue at different levels between government agencies and the private sector to facilitate latter's increasing participation in the economy. Privatization is intended to reduce the size of the public sector. A committee set up for this purpose has already introduced a number of measures to streamline the public sector. In Japan former Prime Minister Obuchi expressed his intention in August 1998 to effectively streamline the bureaucracy through deregulation and a revision of roles of the government and the private sector.

### 3.2. *Quality Service Delivery*

A number of reform initiatives have been implemented in some countries of the region to improve service delivery. Performance Pledges (PPs) contain precisely what standards customers should expect from public services; how to judge whether those standards met; and what to do when they are not (Patten 1992). So PPs, in effect, are basic guarantees of minimum standards of public services (Common 1999: 432). To maintain quality of service a set of reform measures have already been implemented in Malaysia including TQM, QCCs, PSN and CSL. Total Quality Management (TQM) is intended to mobilize all available resources in public sector agencies to meet customer requirements (Sarji 1995: 100). Quality Control Circles (QCCs) are to mobilize expertise, experience, and employee creativity in problem solving (Commonwealth Secretariat 1995: 3). Public Service Network (PSN) and Civil Service Link (CSL) are mechanisms to electronically deliver information, services, and facilitate electronic commerce (Khan 2000). Other measures like Counter Service and Client's Charter are intended to provide

customers guaranteed fast, accurate, continuous service (Chiu 1997; Khan 2000). In Singapore Public Service for the 21st Century (PS 21) initiative is aimed at nurturing an attitude of service excellence in meeting the needs of the public with standards of quality and courtesy (Khan 1998; Khan 2000). In both Malaysia and Singapore mechanisms are in place to provide one stop access to information and services through computer networking. Both the countries are committed to quality management by identifying and meeting customer requirements through such mechanisms as Work Improvement Teams (WITs) and ISO 900 (Kaul 1998: 13-14).

With the establishment of Administrative Reform Council in 1996 in Japan, Prime Minister Hashimoto started a process to reorganize ministries and agencies. Reform measures taken in the backdrop of scandals involving senior civil servants and failures in banking related policy, concentrated on achieving four objectives, i.e., maintaining a simple and efficient administration, encouraging more initiatives by people, encouraging accountability, and quality of services (Furukawa 1999: 443).

Canada has been experimenting with a new model of service delivery. The model is premised on partnership with other sectors of society and that enabled it to institute one-stop access to information and services (Kaul 1988: 9). The improved service delivery has been possible due to elimination of subsidies and regulations; privatization of service providers; and devolving responsibility for programme provision to the levels of government as well as to the private and community sectors (Kaul 1998: 9).

### *3.3. Decentralization and Participation*

The interest in some countries for devolution of power and authority to lower tiers of government is the realization that overcrowding of national/central government adversely affects it



ability to effectively and efficiently perform on the one hand and denies meaningful participation of citizens at the grassroots level. Thailand's new constitution promulgated on 11 October 1997 provides for greater transparency, accountability, and public participation. In Japan Promotion of Decentralization Commission recommended that 60% of 561 agency-delegated functions be transferred to local governments. The Commission sought ideas on reform from all sections of the population. Decentralization was intended to strengthen the administrative and fiscal capability of local governments (Jun and Muto 1998: 202). The most important recommendation of the Commission related to the abolition of central control of local elected officials by ministerial administrative hierarchies (Koika and Wright 1998: 214).

A significant growth of NGOs in the countries of the Asia-Pacific is noticeable (Yamamoto 1995: 3). Many of these NGOs are establishing networks by engaging in closer regional collaborative activities (Yamamoto 1995: 3). In Bangladesh NGOs have become recognized as among the most effective change agents in the world (World Bank 1996: 1). The successful models in the micro credit, non-formal education, and primary health care, developed by leading Bangladeshi NGOs like Grameen Bank, BRAC, and ASA, are being replicated in other countries (World Bank 1996: 6). NGOs in the Philippines have become more powerful and are in a position to effectively influence every sphere of civil society. Recently many NGOs in Thailand are working as advocacy groups to protect environment, raise people's participation and institutionalize democracy.

#### **4. FUTURE PERSPECTIVES**

Both in near and distant future, changes and innovations will characterize governance in many of the Asia-Pacific countries.

Competition and flexibility will radically alter the character of the civil service. More emphasis will be given to merit-based performance and pay; massive replacement of permanent by contract staff to occur; entrance of large number of individuals through appropriately-designed merit-based tests and examinations in the public sector is to happen; and permanent tenure will be a thing of the past.

Increasing interaction, co-operation, and dependence of the public sector on the private sector, NGOs, and community based organizations (CBOs) for service delivery will become more and more a regular practice. Networking among different sectors, communities and groups will increase both in frequency and intensity, as it will not be possible for the state to manage and satisfy on its own multifarious and contradictory demands of knowledgeable citizens. Greater use of information technology will become an indispensable component of future governance. Use of technology will further improve quality of service and facilitate information sharing at different levels among groups and institutions. Devolution of authority to elected local governmental bodies will give away to top-heavy and highly centralized governmental system enabling meaningful participation in the governance process by the local stakeholders.

## 5. CONCLUSION

Improved governance results from an understanding and appreciation of a number of interrelated variables and developments. The most significant development of the present time is increasing dependence of nation-states, organizations and groups at the global level. Globalization and information technology have already had significant impact on trade, commerce, and national sovereignty. Movement of international capital has been hectic. Role of



international, regional, and specialized financial institutions have increased considerably. In the backdrop of all these, governance systems of Asia-Pacific region need to be reorganized on a different philosophical plane premised on two basic assumptions. First, limiting the role of the state to provide basic civic facilities need to be underscored. Second, a congenial environment to be created in the individual countries so that the private sector, NGOs, and other sectors can play enlarged role in the governance process. The new system of governance will be expected to provide efficient service to the customers and be ready to face the demands and challenges of a radically changed international environment.

For improved governance system role of political leaders in power is critical. Visionary and committed political leaders who command support and respect of people across the political spectrum will be needed to devise appropriate strategies and courses of action premised on transparency, accountability, and participation to face an uncertain yet challenging future.

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