

## LEADERSHIP AND ITS IMPACT ON GOOD GOVERNANCE

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**Abstract:** In this research paper I am aiming to emphasize the importance of leadership and its impact on good governance structure. From the literature review and my research on this subject I concluded that leaders, policy makers, and development professionals in transition countries but not only, often worry that well-intentioned policies designed to improve the lives of their communities will fail to deliver results. Usual question is “Which way to follow, what is the right policy to adopt?” Instead these countries should think “What makes policies work to produce life-improving outcomes?” Governance, which includes boards, monitoring systems and signaling mechanisms like codes of conduct, ensures the success of leadership visions and organizational potential in the long run. Usually we hear that behind every leader is a team that executes the vision, yet we rarely talk about the accountability mechanisms that make sure the leadership is on the right course.

Any leader in public or private sector will have success in the long run if they invest on setting up the good governance structure in place.

### INTRODUCTION AND LITERATURE REVIEW

#### Introduction

The past 20 years have seen enormous progress around the world in socioeconomic indicators. The rapid diffusion of technology and greater access to capital and world markets has enabled economic growth rates that were previously unfathomable, and they have helped lift over 1 billion people out of poverty. And yet increased flows have also led to rising inequality, both within and across borders, and to greater vulnerability to global economic trends and cycles. Indeed, although the global spread of capital, technology, ideas, and people has helped many countries and people move forward, other regions and populations appear to have been left behind, and they are still facing violence, slow growth, and limited opportunities for advancement.

As ideas and resources spread at an increasingly rapid rate across countries, policy solutions to promote further progress abound. However, policies that should be effective in generating positive development outcomes are often not adopted, are poorly implemented, or end up backfiring over time. Although the development community has focused a great deal of attention on learning *what* policies and interventions are needed to generate better outcomes, it has paid much less attention to learning *why* those approaches succeed so well in some contexts but fail to generate positive results in others.

Without effective leadership and Good Governance at all levels in private, public and civil organizations, it is arguably virtually impossible to achieve and to sustain effective administration, to achieve goals, to sustain quality and deliver first-rate services. The increasing complexities and requirements arising from the constant change in society, coupled with the constant push for higher levels of productivity, require effective and ethical leadership. Good governance and effective-ethical leadership are the essential requirements for an organization to be considered successful in the eyes of all stakeholders in the 21st century.

This research paper deals with the effective leadership and its importance of implementing the universally accepted principles of Good Governance.

The first section is about literature review and definition of key words utilized in the paper.

The second section deals about selected essential qualities of leadership. The third section deals with principles of Good Governance. The fourth sections deals with Effective Leadership and Its Impact on implementation of principles of Good Governance. The fifth section deals with conclusion and recommendation

#### Literature Review

The World Bank published its Global development Report on “Governance and Law<sup>405</sup>” . This Report is being launched at a time when global growth and productivity are continuing to slow, limiting the resources available to help the world’s poorest and most vulnerable. Yet, people’s demands for services, infrastructure, and fair institutions are continuing to rise. Given strained government budgets and development aid, it is vital that resources be used as effectively as possible. We can do this by harnessing the finance and skills of private businesses, working even more

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<sup>405</sup> <http://www.worldbank.org/en/publication/wdr2017>

closely with civil society, and redoubling our efforts in the fight against corruption, one of the biggest roadblocks to effective, lasting development. However, coordinating the efforts of this diverse set of groups requires clarity on the roles and responsibilities of each group, along with effective rules of the road to reach and sustain agreements. Without paying greater attention to stronger governance, the World Bank Group’s goals of ending extreme poverty and boosting shared prosperity, as well as the transformational vision of the United Nations’ broader Sustainable Development Goals, will be out of reach. Based on extensive research and consultations conducted in many countries over the past 24 months, this Report draws attention to the importance of commitment, coordination, and cooperation as the three core functions needed to ensure that policies yield their desired outcomes. Specifically, it explores how policies for security, growth, and equity can be made more effective by addressing the underlying drivers of governance.

Clear communication within an organization is critically important in order for corporate governance structures to succeed. When an employee is responsible for various accounting and reporting functions, they need to understand the entire organizational structure within which they are operating, explains Marc Palker, Principal at MPP Associates and Chair of the Institute of Management Accountants’ Global Board of Directors<sup>406</sup>.

### **LEADERSHIP - WHAT IS A LEADERSHIP?**

Although the concept of leadership is as old as human history, interest in leadership increased during the early part of the twentieth century. Various theories of leadership has emerged and contributed much to the development of leadership concept. It is a difficult concept to fully appreciate and understand. Burns (1987) suggests that, leadership is one of the most observed, but least understood phenomena on earth. Though there are a number of definitions are proposed by different scholars given the changing and dynamic nature of our globe, for the purpose of this assignment let’s take the following definition of the term. Accordingly, “Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent.

As Northouse (2003: page 3) points out, leadership is a process whereby an individual influences a group of individuals to achieve a common goal. From the above definition of the term one can understand that it includes the process by which individuals influence others. The outcome of the process is nothing but achieving a common goal through the commitment and willingness of both leaders and followers. In general, leadership is about relationships. Above all, it is about working with and guiding people in new directions; it is about integrity and trust; achieving the most positive interaction between leaders and followers, customers, employees, shareholders.

### **GOVERNANCE - Why is Governance Important?**

Organizations strive to be competitive and sustainable over the long term; core elements of this are creating and optimizing organizational success and stakeholder value, effective resource utilization, and accountability. Governance should, therefore, be more than a compliance exercise designed with the sole purpose of satisfying regulatory requirements—it should involve both compliance and performance.<sup>407</sup>

Governance encourages better organizational decision making and accountability for the efficient stewardship of resources. It is also characterized by robust scrutiny, which provides important pressure for improving organizational performance.

Effective governance affects the entire organizational cycle: strategic planning, resource utilization, value creation, accountability, and assurance. Such a holistic approach ensures that governance is not “bolt on” but “built in”—integrated into all aspects of an organization.

Successful organizations benchmark governance procedures and practices against their peers. They regularly evaluate results to ensure the continuing effectiveness of their governance practices, and adapt and improve them for future opportunities and threats as the organizations and their environments change.

### **Global Perspectives on Governance**

The recent financial and economic crises exposed many corporate governance weaknesses—most clearly in the financial services industry—as causal factors, or at least aggravating factors.

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<sup>406</sup> <http://www.ifac.org/global-knowledge-gateway/governance/discussion/communication-key-corporate-governance>

<sup>407</sup> <http://www.ifac.org/global-knowledge-gateway/governance?overview>

A positive effect of these crises is that they create momentum for change. Indeed, after each new crisis there is much debate about governance actions needed for organizations to move on and avoid future social, environmental, and economic crises. This momentum for change can also be leveraged to transition from costly compliance-focused systems to more value-creating ways of governance, leading to more sustainable performance.

Currently, a large number of stakeholders—including governments, regulators, oversight bodies, standard setters, and professional bodies, as well as international agencies and organizations, such as the International Organization of Securities Commissions, Organisation for Economic Co-operation and Development, United Nations Conference on Trade and Development, and World Bank—are debating governance challenges and solutions. Together, these organizations will have a significant impact on determining the necessary and feasible changes for organizations and economies.

The accountancy profession—including professional accountants, professional accountancy organizations, and IFAC—is also urging that organizations around the globe evaluate and improve their governance arrangements in order to achieve more sustainable social, environmental, and economic performance<sup>408</sup>.

The G-20 leaders agree with IFAC in that strong governance is essential in ensuring business is conducted with integrity and for the ultimate benefit of society. It is tough, however, to embed integrity and good governance in any organisation, given the pressures to achieve financial success.

Good governance is major development, in recent years especially in the transition countries; donors and international financial institutions (like World Bank and IMF) are basing their aid and loans to the countries that are undertaking reforms on establishing a proper implementation of good governance. With that they aim to improve *the process of decision-making and the processes by which decisions are implemented are independent and transparent*. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

It is also defined as "*the manner in which power is exercised in the management of a country's social and economic resources for development*". Governance can be seen, therefore, as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

## **GOOD GOVERNANCE**

The concept of good governance is commonly used in the late nineties of the last century and especially by the World Bank, United Nations Development Program (UNDP), OECD and other international and regional organizations and local communities. Although good governance is not conclusively defined in international law, there are specific indications in various international documents about its meaning in an international legal context. This can be seen, for example, in the *United Nations Universal Declaration of Human Rights*) in Article 21, which recognizes and stresses the importance of participation in government and ii) in Article 28, which states that everyone is entitled to an international order in which the rights and freedoms set forth in the Declaration can be fully realized.

The International Federation of Accountants is defining good governance as “The ultimate objective of governance is to create and optimize sustainable organizational success and stakeholder value, balancing the interests of the various stakeholders. It comprises arrangements put in place to ensure that organizations define and achieve intended outcomes.

IFAC is promoting the good governance and has issued the governance documents for Professional organizations emphasizing the importance of implementing good governance as a system to achieve more effective, transparent and accountable profession in the country.

Also different UN Committees have introduced the importance and definition of good governance in their work. For example, the Committee on the Rights of the Child and the Human Rights Council also refer to good governance in

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<sup>408</sup> <http://www.ifac.org/global-knowledge-gateway/governance?overview>

relation to legal security and justice. The term is also defined as “the manner in which power is exercised in the management of a country’s economic and social resources for development”.

We can say that the term, Good governance involves participation, transparency, accountability and rule of law. It also involves effectiveness and equity in governance activity. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

### **DIVERSITY OF THE GOVERNANCE STRUCTURE**

It is important to understand that governance structure vary by jurisdiction, by entity, because of different culture, legal background, size and ownership characteristics we cannot rely on “one size fits all”. Examples:

- In some jurisdiction a supervisory board is separated by executive board as set in statutes or other legal documents. In some other jurisdiction both executive and supervisory functions are the legal responsibility of a single or unitary board (“one - tier board” structure).
- In some cases, some or all the governing members are involved in management of the entity, in others management and the governing board have different responsibilities.

In most entities, governance is the collective responsibility of the governing body. But it is important that:

- All the functions are exercised by an appropriate person or committee
- Clear governance matters for all in the organization and its stakeholders
- Undue concentrations of influence are avoided.

### **BENEFITS OF GOOD GOVERNANCE**

#### **Promotes community confidence**

People are more likely to have confidence in the professional organization if decisions are made in a transparent and accountable way.

This helps people feel that the organization will act in the public interest, regardless of differing opinions.

It also encourages elected governance structure to remember that they are acting on behalf of their community and helps them to understand the importance of having open and ethical processes which adhere to the law and stand up to scrutiny.

#### **Encourages elected members and council officers to be confident**

Elected members and council officers will feel better about their involvement in Professional organization when good governance is practiced.

Members will be more confident that they are across the issues, that they can trust the advice they are given, that their views will be respected even if everyone doesn’t agree with them, and that the Board is a safe place for debate and decision making.

Executives will feel more confident in providing frank and fearless advice which is acknowledged and respected by Board members.

#### **Leads to better decisions**

Decisions that are informed by good information and data, by stakeholder views, and by open and honest debate will generally reflect the broad interests of the organization.

This does not assume that everyone will think each decision is the right one. But members of the organization are more likely to accept the outcomes if the process has been good, even if they don’t agree with the decision. They will also be less tempted to continue fighting or attempting to overturn the decision. So even the most difficult and controversial decisions are more likely to stick.

#### **Helps Professional Organization to meet its legislative responsibilities**

If decision-making is open and able to followed by observers, it is more likely that organisation will comply with the relevant legal requirements. They will also be less likely to take shortcuts or bend the rules.

#### **Supports ethical decision making**

Good governance creates an environment where elected board members ask themselves ‘what is the right thing to do?’ when making decisions.

Making choices and having to account for them in an open and transparent way encourages honest consideration of the choices facing those in the governance process. This is the case even when differing moral frameworks between individuals means that the answer to ‘what is the right thing to do’ is not always the same.

**EFFECTIVE LEADERSHIP**

Various literatures reveal that a team is recognized by the leadership qualities and skills that are associated with its leader. Hence, it can be considered that if a leader is not performing up to the required standard, the team will obviously not give out their best as well. The main aspects that leaders should consider are the leadership qualities and skills. In order for a process to be successful, it is very important that it is given under charge to an effective leader who has all the leadership qualities and skills.

A team working under an effective leader with quality leadership will always perform the best and set an example for members from other organization's practices.

The qualities of an effective leadership may vary from person to person based on the context in which he was brought up and molded. Thousands of articles and books have been published describing what it takes to be an effective leader and its respective qualities and skills. Some researchers and authors claim an effective leader possesses certain traits or abilities; others say it is all personality; still others maintain it is the behavior--not necessarily the intentions or thoughts—that are crucial.

Moreover, qualities of an effective leadership vary based on the area of operation and expertise. Accordingly, the leadership qualities of business person, religious leader, military leader, sportsman or political leader vary from one another based on the area of operation and the expertise required for each of them. Whatever our viewpoint, under the following discussion, let's see about *the selected qualities* of an effective leadership which are relevant to the context of this assignment.

**Competence**

Competency is among the important qualities of an effective leadership. In its most basic form, the anatomy of leadership is a matter of character and competence. As a leader, the leader must be seen by his followers being an expert in our field or an expert in leadership. Unless his followers see as highly credential--either by academic degree or with specialized experience--and capable of leading his group or organization to success, it will be more difficult for him to be respected, admired, or followed.

Practically speaking, not all leaders immediately possess all of the qualities that spell success. Many leaders learn along the way with hard work. As crises and challenges arise, those at the top of the hierarchy have key opportunities to demonstrate to others that they are in fact, qualified to be leaders. In actuality, greater competency can be achieved as a leader gains more on-the-job experiences.

For a leader to be genuinely competent, he needs to demonstrate both *professional and leadership competencies*. Leader's professional competency rests on a particular expertise of certain professional area. This shows that based on the area of expertise, professional competency varies. The other important aspect of an effective leadership quality is leadership competency, which refers to how the leader understands different levels of leadership responsibility and kinds of leadership approach applied appropriately to the right level. Leadership in private institutions is exercised differently from leadership regarding public institutions. This shows that in each case the leadership skills are different based on the nature of the institutions.

Even though, both professional and leadership competencies are important, the former is not indispensable to a great leadership (Bell, 2006). Hence, one can lead an organization with only leadership competency if his leadership competency is strong. Moreover, even though professional competency is important quality for an effective leadership, a person may not become competent in all professions. Putting it in other words, a leader may not need to be an expert on every area of the organization; rather he may need to demonstrate professional competency in some area. Competency does not necessarily refer to the leader's technical abilities. Rather it refers to the ability to challenge the challenge. It is the leader's quality to inspire, enable, being a role model and encourages others. Above all, it is leader's quality to be visionary with regard to the organization they lead with sufficient understanding about the vision, mission and the goal of their organization.

**Accountability**

Accountability is a concept in ethics and governance with several meanings. It is another important quality for an effective leadership and often used synonymously with such concepts as responsibility, answer-ability, blameworthiness, liability and other terms associated with the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in the public sector, nonprofit and private (corporate) worlds.

In leadership roles, accountability is the acknowledgement and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report explain and be answerable for resulting consequences.

Through accountability, a leader fosters trust. Accountability can be manifested by taking risks for both success and failure of an organization. Accountability is not something blaming others for failure. Rather it is taking part in every process or journey to reach at best the destination by learning from the current events be it good or bad. It is a true leader that acts in this by taking a risk.

To sum up, as a leader, above all, we have to accept personal accountability for our actions. In the same way we have to also accept accountability for our omissions –which means not doing what we are ought to do.

#### **Openness/Integrity**

Openness is the other essential quality of an effective leader. Openness as a leadership quality has many things in it. The first is openness to accept change or new idea. Since change is an undeniable part of life, the leader has to be ready to accept this. The reality is that life stops when change stops. A key part of leadership is recognizing and adapting to change, and making choices about how change happens when you need to Change is feared by most people, so it is understandable that they resist it.

Our ability to choose the direction of change and to recognize the opportunities that present themselves when uninvited change occurs is enhanced by our self-awareness. It results in an openness to change that is the second key to what makes a good leader. When we become open to change we could get to choose the kind of change that happens and how it will work for us and our organization. Openness, among others, consist integrity in it. Through openness, we build our personal integrity which implies that our strong internal guiding principles that one does not compromise.

#### **Language/Relationships**

In our everyday life, the way we communicate with others may have its own positive or negative impact on the relationships we have with others. Whatever the case, in order to have a positive relation with others, we have to use positive language instead of negative language. Negative languages are “killing languages”. When we say language, it is not mere types of language we speak; rather it is the style of receiving and giving certain information by using any language. While communicating with others, the leader has to use constructive words, terms or phrases instead of killing words or terms or phrases. We have to wash our destructive words by using more constructive terms.

Effective communication skills undoubtedly top the list of most important leadership qualities - irrespective of which field is being taken into consideration. An individual shouldn't just have ideas, but should also exercise the means of communicating these ideas across the table in an effective manner.

The concept of effective communication is not just restricted to the act of delivering speeches from the stage or addressing a gathering of people, it includes any communication with individuals at the grass roots and taking their feedback. As a leader of certain organization we may address various issues with people at different level, but ignoring these differences while communicating costs us a lot if we did not use constructive terms while communicating with others based on the context at hand. The leader is expected to communicate positively even towards irritating issues or persons by using “GREEN BINOCULAR LENSES”. By these lenses we can see not only the negative aspects of a given issue, but also the positive side of that issue. Without seeing and understanding things with these lenses, we may not reach at the targeted goals {emphasis added}

Above all by using positive language, through effective communication, first the leader builds his relationship with his followers and other persons. Second, effective communication is important because it provides the leader and followers with great access of information relevant to important organizational decisions. Good communication should be supplemented by good listening skill; because it helps to understand the idea of others and to respond accordingly.

#### **Values/Community**

Value is another important quality that effective leaders must possess. Value is the intrinsic worth, quality or excellence that renders a thing useful or desirable. It is a core belief what is right and fair in terms of one's actions and interactions with others. It is the tool we use in making decision. What we build through a process while living in a given society is our own character. And it is our character that ultimately determines the course of our lives. Values may be based on knowledge, aesthetic consideration, moral grounds or combination of these.

A leader must choose the values that are most important to him; he has to select the value that he believes in and defines him more. And he has to live them visibly every day at work. If we object lying we have to keep ourselves from lying. Because living our value is one of the most powerful tools available for us to lead and influence others.

Values are influenced by culture and society. Given the difference in culture in our globe, values are interpreted by each of us in our own way. Putting it in another word, value reflects culture and has social elements, principles, or standards that are accepted by a group of society over a long period of time.

Relating it to leadership, it is an essential quality for effective leadership. It helps the leader to be aware of different philosophical beliefs and values even if they do not agree with them. Adherence to the values accepted by the leader is the most important factor in an organization's success. Because it tells us what is right and wrong while making a decision that affects positively or negatively certain organization or society while we are acting as a leader.

**Perspective/Balance**

This is another essential quality that is important to be an effective leader. Having this quality gives you the ability to see the world from different angles. A leader who is equipped with this quality expectedly says *“the way I see the world is not the only way it is”* His thinking is changed to *“the world is the way we all see it”*. Perspective here means that, there is a possibility to change my view to give me new insights for my action. This quality entails great intellectuality and philosophical humbleness from member of certain organization.

To sum up, whatever our task may be, it always helps to have the right perspective or approach towards various work-related issues. A true and an effective leader is able to visualize his/her goals from different angles and plans things accordingly. This would enable proper distribution of tasks and ensure productive results.

**Power/Influence**

Power is another important quality that the leader must possess. Power or the way the leaders behave emanate from the principles on which organizations are crafted. Hence, the power that is exercised is the other side of the coin. Due to the system's tenets, individuals are influenced and have some kind of “shape” in their performance and leadership style. It is through this kind of power that individuals impose influence over others.

In the past we have been taught that leadership is position, so we go for position, but when we are in the esteemed position, we realize that it does not follow that everyone follows us. We do not lead through structure, through influence. Positional leaders only influence positional followers, whereas, real leaders influence everyone. From this one can understand that having a position does not mean influencing others. Position does not make the leader, but the leader make the position if he influences others willingly and enthusiastically. For an effective leadership, power is influencing people to commit to the vision and mission of an organization. It is not having position of certain level and exerting force over others.

**Humility**

This is one of the effective leadership qualities. Though leaders have the maximum responsibility, and though they are the ones who work harder than anyone else in the group, a leader needs to be down-to-earth. He should not think of himself as someone special, he should understand that he is just a leader and not the owner of his people. Only if the leader is humble, people will approach him. It is the duty of a leader to motivate his people, and only if a leader is a humble will he be able to guide and support his group members.

**PRINCIPLES OF GOOD GOVERNANCE**

Various literatures express principles of Good Governance in different contexts. Some of them put it in relation to development and others from the view point of human rights. For instance, the United Nations Development Program (UNDP) and the World Bank put it in relation to development. Whereas, the United Nations High Commissioner for Human Right states it in terms of the degree to which it delivers on the promise of human rights, civil, cultural, economic and political and social rights.

According to UNDP and World Bank, Good Governance has eight principles/characteristics but for the purpose of this paper I will use the principles of Good Governance of IFAC Professional Accountant in Business Committee. These are:

Accountable

- Transparent
- Rule of law
- Responsive
- Equitable and inclusive
- Effective and efficient
- Participatory

**Accountable**

Accountability is a fundamental requirement of good governance. The PAO Board has an obligation to report, explain and be answerable for the consequences of decisions it has made on behalf of the Members it represents.

**Transparent**

People should be able to follow and understand the decision-making process. This means that they will be able to clearly see how and why a decision was made – what information, advice and consultation board considered, and which legislative requirements (when relevant) board followed.

**The rule of law**

This means that decisions are consistent with relevant legislation and are within the powers of board.

**Responsive**

The PAO should always try to serve in public interest first but also the needs of the members while balancing competing interests in a timely, appropriate and responsive manner.

**Equitable and inclusive**

A community's wellbeing results from all of its members feeling their interests have been considered by the board in the decision-making process. This means that all groups, particularly the most vulnerable, should have opportunities to participate in the process.

**Effective and efficient**

PAO should implement decisions and follow processes that make the best use of the available people, resources and time to ensure the best possible results for their community.

**Participatory**

Anyone affected by or interested in a decision should have the opportunity to participate in the process for making that decision. This can happen in several ways – members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process.

**QUALITIES OF EFFECTIVE LEADERSHIP AND ITS IMPACT ON IMPLEMENTATION OF PRINCIPLES OF GOOD GOVERNANCE<sup>409</sup>**

In the preceding discussions, I would like to elaborate about the meanings of some key words. In addition, among essential qualities of effective leadership the most important qualities of effective leadership have been touched. Furthermore, major characteristics/principles of Good Governance have been stated in a short and precise way. Under the following discussion, the qualities of effective leadership and its impact on implementation of Principles of Good Governance will be presented.

The current situation shows that without effective leadership and good governance at all levels in private, public and civil organizations, it is arguably virtually impossible to achieve and to sustain effective administration, to achieve goals, to sustain quality and deliver first-rate services. The increasing complexities and requirements arising from the constant change in our globe, coupled with the constant push for higher levels of productivity, require effective and ethical leadership. For me, effective leadership and Good Governance are two sides of the same coin. The two has many elements in common. Without an effective leadership we may not ensure Good Governance in its totality.

As it has been said earlier in the preceding discussions, an effective leadership requires its own essential quality. For instance, competence (both professional and leadership) is among the essential qualities of effective leadership. A leader without having competency may not be effective and efficient in leading an organization. When we see in light of Good Governance, efficiency and effectiveness in giving services to the public, utilization of resources both human and material is among the key principle of Good Governance. If a leader lacks competency about what he has doing he may not be effective and efficient in discharging his responsibility which results in misuse of public resources.

The other point to be discussed is accountability envisages making accountable the leader for his action or omission. The same principle is applied in ensuring Good Governance. Taking government as one of the actors in governance, accountability ensures actions and decisions taken by public officials are subject to oversight so as to guarantee that government initiatives meet their stated objectives and respond to the needs of the community they are meant to be benefiting, thereby contributing to better governance and poverty reduction. Because, exercise of public authority is not taken for granted, in my view exercising public authority may result in arbitrariness if not exercised in a responsible way.

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<sup>409</sup> <http://www.abysinnialaw.com/blog-posts/item/1473-qualities-of-effective-leadership-and-its-impact-on-good-governance>

Depending on the sort of mechanism involved, accountability serves as an instrument to achieve various important elements Good Governance. Who is accountable to who varies depending on whether decisions or actions taken are internal or external to an organization or institution. Whatever the case, it cannot be enforced without transparency and the rule of law.

The other important quality of effective leadership is openness. In exercising leadership, openness fosters integrity and dedication of the leader to achieve the targeted goal. By dedication, it is to mean that the leader spends all of his time to accomplish the targeted objective being a model for others. Through openness, there is free flow of information among leaders and followers, including the public at large. Because the leaders are there to serve the public at large, relating it to Good Governance, the Public has a right to access information and to have a say about what the leaders do on behalf of the public at large. Here one thing that should be taken into account is that the leader should have to be cautious not to disclose confidential information.

Participation can be possible if the leader is open. When we say participation it is by both men and women as it is a key cornerstone of good governance. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand. This can be fruitful if and only if the leader is ready to be open to share new ideas. Otherwise, if the public is denied the right to access of information it results in loss of public trust; and this in turn results in public grievance and social disturbance.

Moreover, because the leaders are there to serve the common interests of certain group of people, to achieve effectively the objective they set, they have to reach at consensus by allowing the participation of those interested group of concerned people. Because, consensus orientation is a corner stone for Good Governance by mediating different interests to reach a broad consensus on what is in the best interest of the group and here, possible on policies and procedures.

Openness can be also manifested through transparent working systems and procedures. That is to say decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media. The same principle is applied in ensuring Good Governance.

Equity and inclusiveness is one of the important principles in ensuring Good Governance. In the absence of a leadership that encourages openness, participation, transparency we may not envisage equity and inclusiveness. A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being. This can be achieved only if the leader gives such opportunity; otherwise, the society, particularly, those vulnerable have no chance to reflect their interest.

## **CONCLUSION AND RECOMMENDATION**

### **Conclusion**

Good governance and effective leadership are the essential requirements for an organization to be considered successful in the eyes of all stakeholders in the 21st century. There is a direct link between Good Governance, effective leadership and economic prosperity. The ultimate objective of governance is to create and optimize sustainable organizational success and stakeholder value, balancing the interests of the various stakeholders. It comprises arrangements put in place to ensure that organizations define and achieve intended outcomes.

Effective leadership and Good Governance are two sides of the same coin. The two have many elements in common. Without an effective leadership we may not envisage Good Governance in its totality. In fact, Good Governance may not be achieved in its totality because of cultural, psychological, social and sociological impacts and differences. Its implementation and perception also varies in line with the level of development and demands of the society. Due to this, the practice shows that very few countries and societies have come close to achieving good governance in its totality.

### **Recommendation**

The recommendations forwarded based on above discussions are: That Leaders in Professional accounting organization are typically involved in planning, implementing, executing, evaluating, and improving governance in their organizations. Many organizations seek advice from their accounting firm on how to improve their governance. In addition, many professional accountants in business have a responsibility to provide objective and accurate information and analyses to support these activities, as well as overall responsibility in governance areas, such as external business reporting. These factors put professional accountants in an excellent position to ensure that governance is integrated throughout an organization—into its very DNA.

The ultimate objective of governance is to create and optimize sustainable organizational success and stakeholder value, balancing the interests of the various stakeholders. It comprises arrangements put in place to ensure that organizations define and achieve intended outcomes.

**REFERENCES**

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