

Good Governance for the Quality of Life

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**ARGÜDEN
GOVERNANCE
ACADEMY**

Good Governance for
Quality of Life

What is Good Governance?

- Good Governance is the key to the **sustainability of organizations** for improving **quality of life**.
- Governance is much more than a set of rules or regulations. Governance is a **culture** and a **climate** of **consistency, responsibility, accountability, fairness, transparency,** and **effectiveness** that is **deployed** throughout an institution.
- Good governance **starts with the individual** and is applicable in all types of organizations, from the community, the company, non-governmental organizations, governments at all levels, all the way to global institutions.
- Good governance is the key to effective utilization of the planet's limited resources, and not only improves the quality of life but also **ensures sustainability of life**.
- Governance **defines three aspects of power:** how it is acquired, how it is exercised, and how it is legitimized and controlled.
- Good Governance is the main methodology to improve the quality of the decisions taken and to improve the quality of life through more effective use of resources.

Principles of Good Governance

Consistency

Refers to **consistency of decisions** both in reference to one another and also over time. It requires that the decisions are based on **objective information**, are within **the rule of law**, and they are enforced consistently for all segments of the society.

Accountability

Refers to the necessity for decision makers to **utilize the resources entrusted to them responsibly**, to account for how these resources are **budgeted and utilized**, and to **report on the progress and results**.

Transparency

Indicates that decision-making processes and their implementation are carried out in an **open manner** and **shared** with other stakeholders.

Deployment

Indicates that the preparation, implementation, and monitoring stages of the decision-making process **involve effective participation of civil society organizations and the public at large**, starting with the individual.



Responsibility

Refers to the ability of those who are in position of authority to have the **capacity and flexibility to respond rapidly to social changes and to utilize the resources entrusted to them responsibly**.

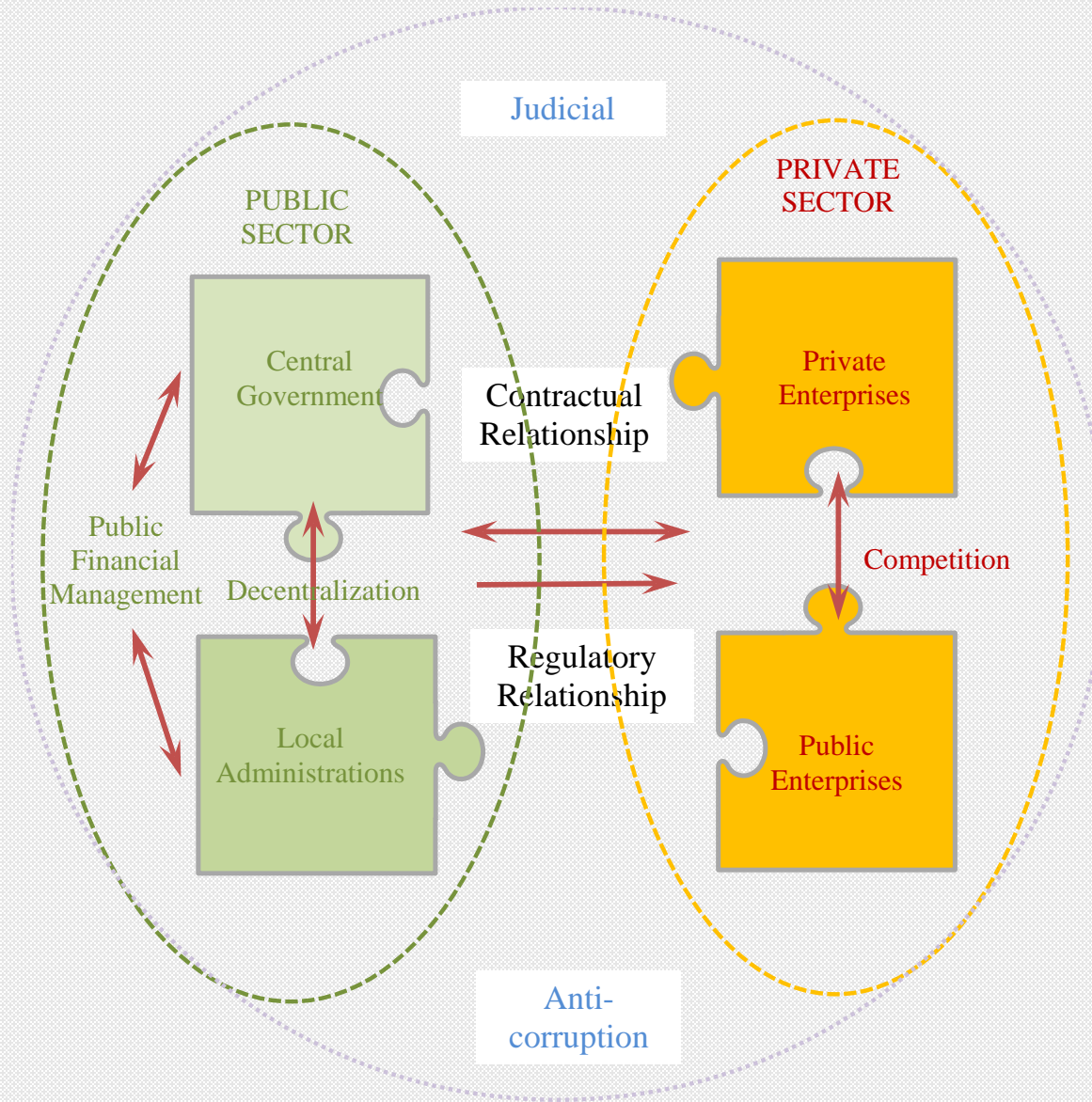
Fairness

Ensures that decisions do not result in unbalanced benefits/costs to any segment of the society, that the **rules all citizens are subject to are openly and clearly laid out, and that they are applied uniformly to everyone**.

Effectiveness

Indicates that the implementation of decisions applies **equally to everyone simultaneously** and that there is a **reasonable correlation among the results** to be achieved, the resources to be used, and their impact on different segments of stakeholders.

Governance Framework



Models for the relationship between good governance and well-being

- There are several theories that have been used to explain the correlation between good governance and well-being:
- Earlier studies that used economic data to link good governance and well-being:
 - Market enhancing governance approach: Governance is effective when it if it helps to enhance property and contract rights and rule of law.
 - Growth-enhancing governance approach: Good governance fostered economic growth by managing incentives to enhance productivity and help shift activity to more economically productive endeavors with the underlying assumption that such productivity would lead to increased well-being.

New variables explaining the correlation between good governance and well-being

- Earlier studies are limited since the link between income and well-being is not strong enough.
- New studies offer a much broader approach to the subject by including other variables as important as income, that are proved to affect well-being such as: government effectiveness, rule of law, voice and accountability, regulatory quality, political stability and absence of violence, control of corruption, social policies, democracy, social support, healthy life expectancy, freedom to make life choices, generosity.
- Some of these studies are: Worldwide Governance Indicators, World Happiness Report, Sustainable Governance Index (OECD)

Worldwide Governance Indicators

2014

	Government Effectiveness	Control of Corruption	Rule of Law	Voice and Accountability	Regulatory Quality	Political Stability and Absence of Violence
TÜRKİYE	67	54	69	38	66	12
BULGARIA	58	49	56	60	71	50
CROATIA	74	62	66	64	66	66
HUNGARY	72	61	71	67	74	69
EGYPT	20	32	31	15	25	8
POLAND	75	71	77	82	82	77
ROMANIA	56	53	63	60	72	50
GREECE	69	67	67	65	47	75

Reference: World Bank, World Governance Indicators, 2014 <http://databank.worldbank.org/data/home.aspx>

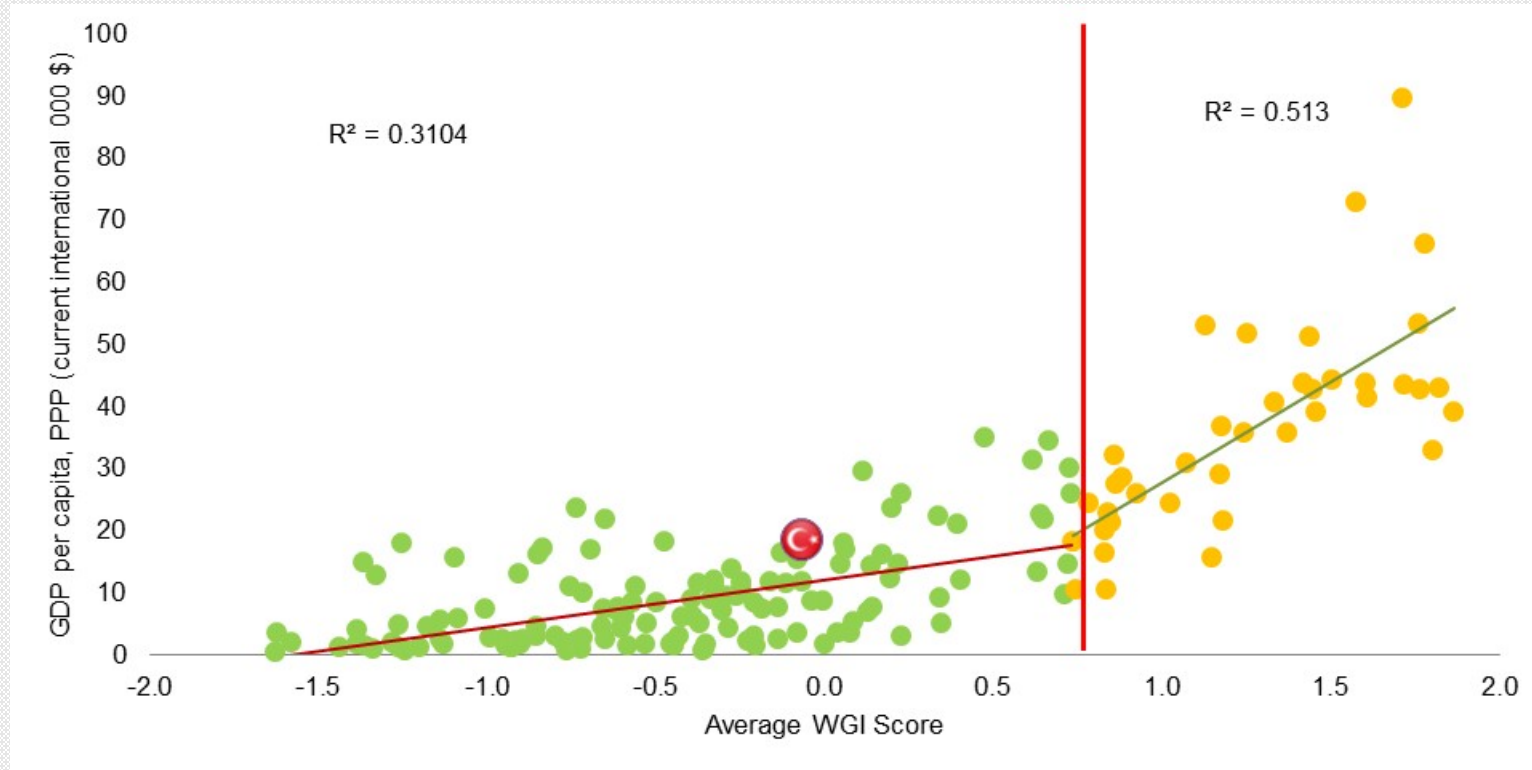
Worldwide Governance Indicators

Türkiye

	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Government Effectiveness	46%	57%	59%	60%	60%	60%	60%	64%	64%	63%	65%	65%	65%	65%	67%
Control of Corruption	34%	47%	32%	50%	51%	57%	59%	60%	61%	60%	59%	60%	63%	62%	54%
Rule of Law	48%	50%	50%	56%	58%	57%	55%	55%	56%	58%	59%	57%	57%	56%	60%
Voice and Accountability	24%	35%	41%	44%	48%	48%	45%	46%	46%	45%	45%	44%	41%	41%	38%
Regulatory Quality	68%	64%	57%	55%	57%	61%	59%	62%	60%	61%	61%	63%	66%	65%	66%
Political Stability and Absence of Violence	11%	20%	20%	24%	20%	27%	27%	20%	18%	16%	18%	19%	13%	12%	12%

Reference: World Bank, World Governance Indicators, 2014 <http://databank.worldbank.org/data/home.aspx>

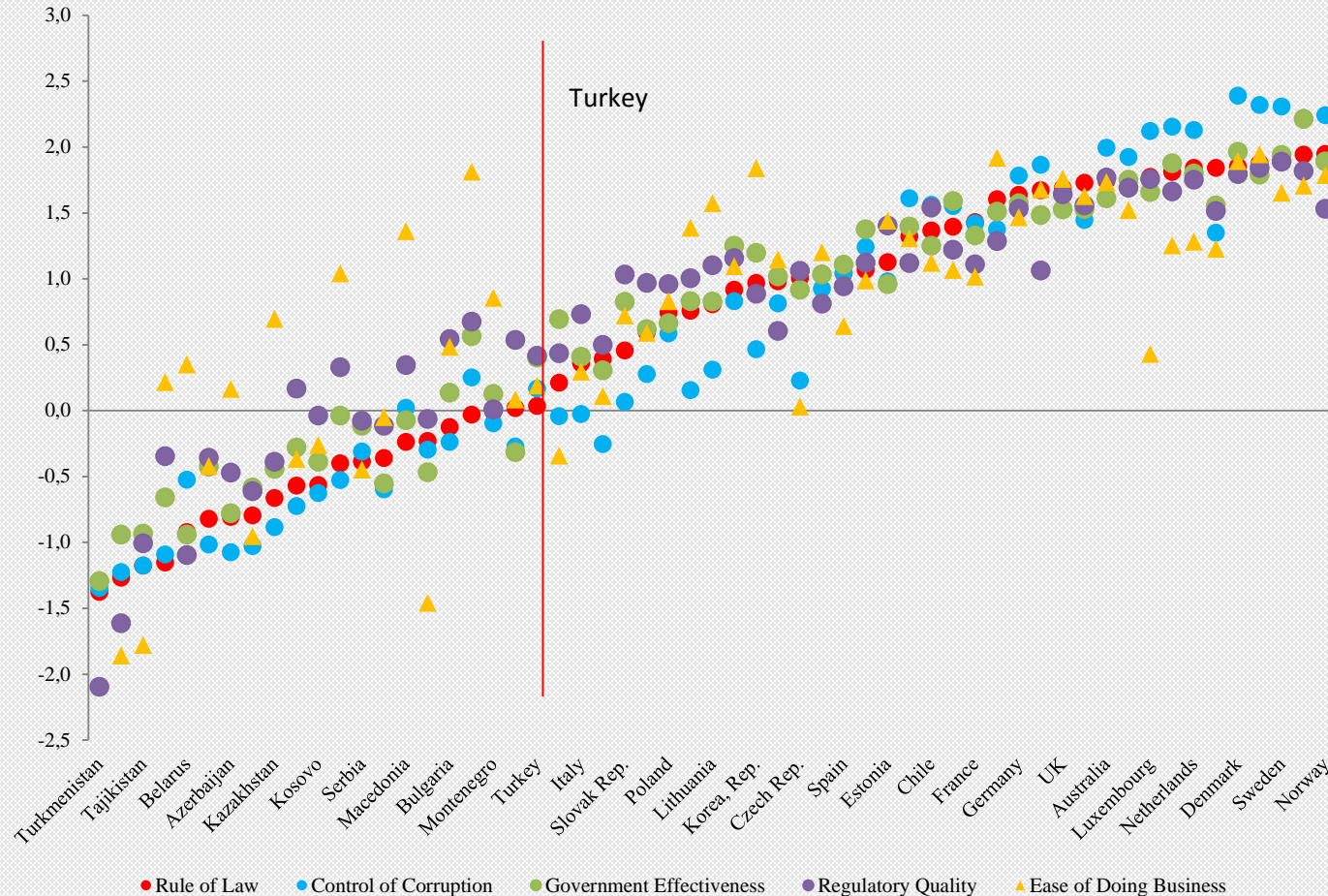
Quality of governance is key for long term growth



Source: World Economic Forum, Global Competitiveness Index, and WB

From Mediha Ađar's presentation at the Good Governance in State-Owned Enterprises Conference

Quality of governance is key for competitiveness



Source: World Economic Forum, Global Competitiveness Index, and WB

From: Mediha Aġar's presentation at the Good Governance in State-Owned Enterprises Conference

World Happiness Report

Table 2.1: Regressions to Explain Average Happiness across Countries (Pooled OLS)

Independent Variable	Dependent Variable			
	Cantril Ladder	Positive Affect	Negative Affect	Cantril Ladder
Log GDP per capita	0.338 (0.059)***	-0.002 (0.009)	0.011 (0.008)	0.341 (0.058)***
Social support	2.334 (0.429)***	0.253 (0.052)***	-0.238 (0.046)***	1.768 (0.417)***
Healthy life expectancy at birth	0.029 (0.008)***	0.0002 (0.001)	0.002 (0.001)*	0.028 (0.008)***
Freedom to make life choices	1.056 (0.319)***	0.328 (0.039)***	-0.089 (0.045)**	0.315 (0.316)
Generosity	0.820 (0.276)***	0.171 (0.032)***	-0.011 (0.030)	0.429 (0.277)
Perceptions of corruption	-0.579 (0.282)**	0.033 (0.030)	0.092 (0.025)***	-0.657 (0.271)**
Positive affect				2.297 (0.443)***
Negative affect				0.050 (0.506)
Year fixed effects	Included	Included	Included	Included
Number of countries	156	156	156	156
Number of observations	1,118	1,115	1,117	1,114
Adjusted R-squared	0.741	0.497	0.226	0.765

Notes: This is a pooled OLS regression for a tapered panel explaining annual national average Cantril ladder responses from all available surveys from 2005 to 2015. See Technical Box 2 for detailed information about each of the predictors. Coefficients are reported with robust standard errors clustered by country in parentheses.

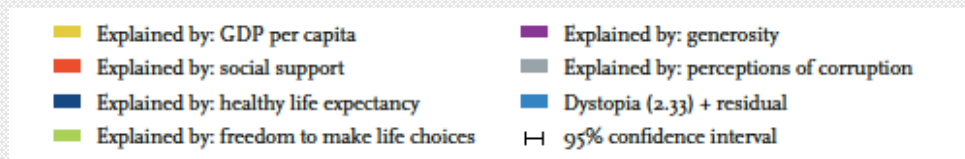
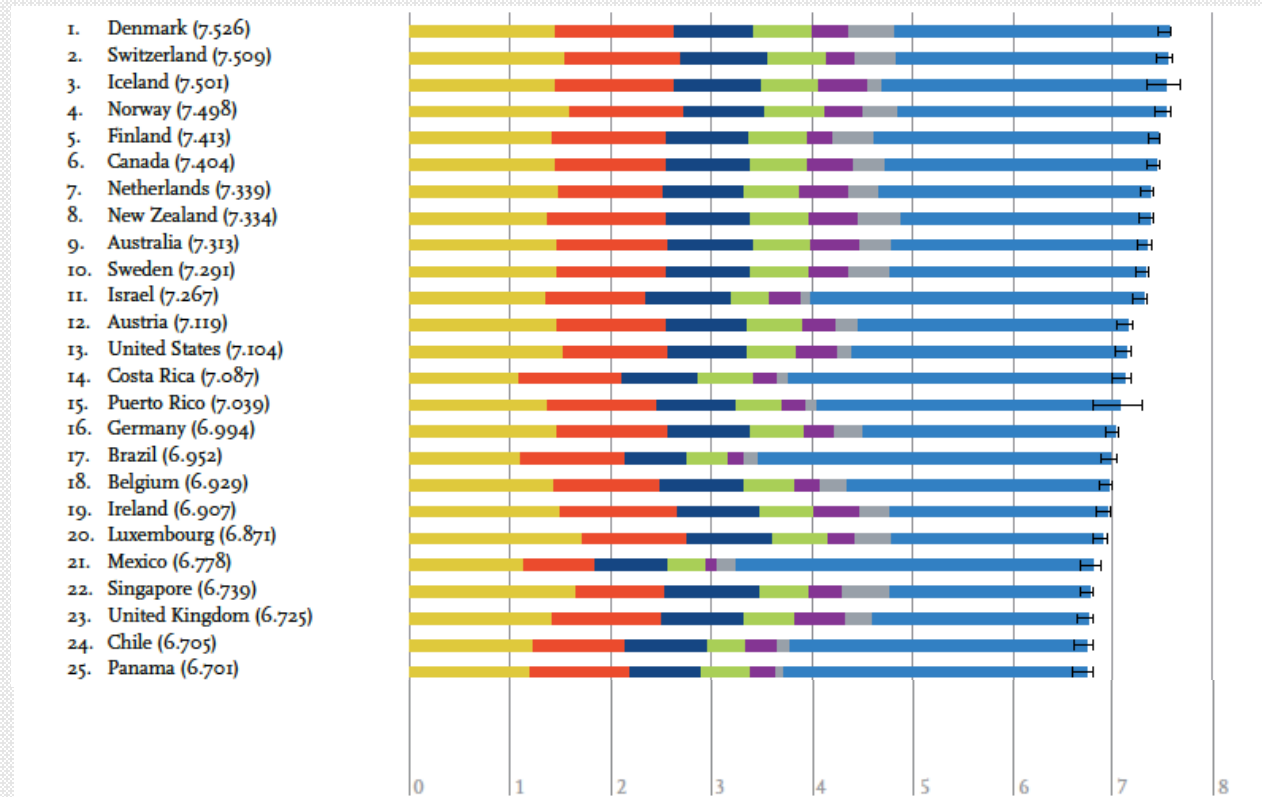
***, **, and * indicate significance at the 1, 5 and 10 percent levels respectively.

Happiness has been explained by GDP Per Capita, Social Support, Healthy Life Expectance, Freedom to make choices, Generosity and Perception of Corruption in the World Happiness Report. All of the issues scores would be high when a governance in a country is good.

World Happiness Report

Ranking of Happiness

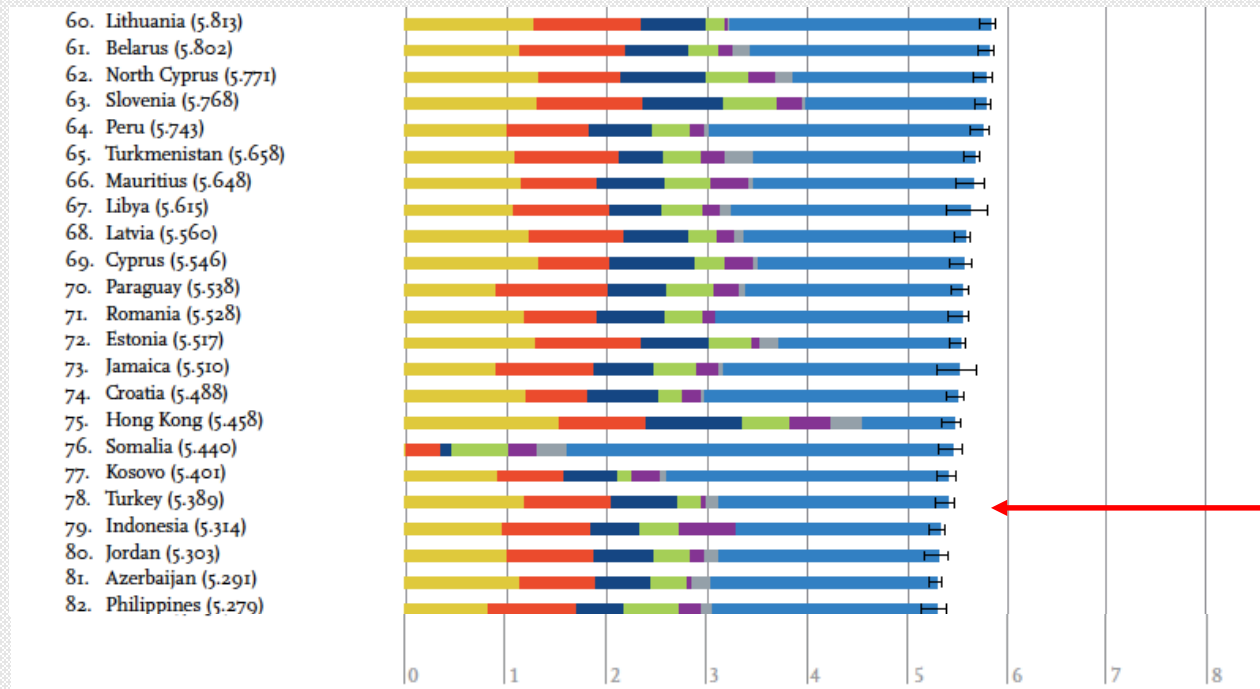
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World Happiness Report

Ranking of Happiness

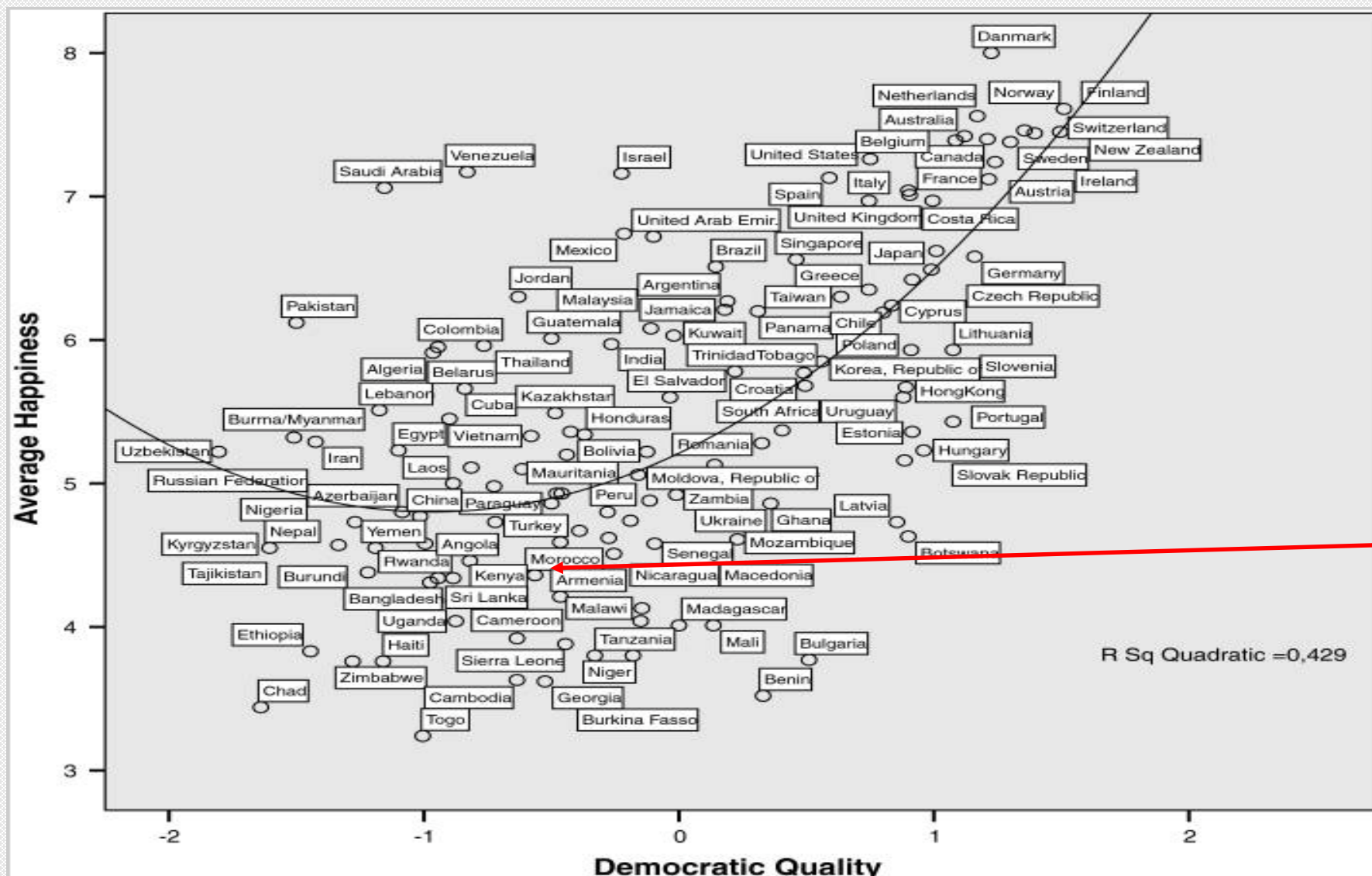
60-82



Turkey ranks as 78



Democratic Quality of Government and Average Happiness in 2006



Reference: Ott, J. C. (2011). Government and Happiness in 130 Nations: Good Governance Fosters Higher Level and More Equality of Happiness. *Social Indicators Research*, 102(1), 3–22.

Sustainable Governance Index

- This index has been developed by OECD and Bertelsmann Institute.
- Index covers only OECD Countries
- It uses three dimensions of Governance, Democracy and Policy Performance for the calculation of index.
- Policy performance looks if policies promote sustainable development, social and economic inclusion.
- Democracy look at quality of democracy
- Governance looks if the policies are fair and equitable, considers future generations and capacity of the countries' institutions.

SIG - Good Governance and Policy and Democracy Correlation

	Governance	Economic Policies	Social Policies	Environmental Policies	Democracy
Avustralya	7,02	5,90	6,40	5,00	7,75
Avusturya	6,64	6,40	6,20	5,80	7,46
Belçika	6,38	6,30	6,30	5,60	7,43
Bulgaristan	5,01	4,40	4,40	6,20	5,75
Kanada	7,10	6,90	7,00	4,20	7,63
Şili	5,98	6,10	5,00	4,50	6,53
Hırvatistan	4,82	3,90	5,00	6,10	5,92
Kıbrıs	4,30	4,10	5,50	4,50	6,20
Çek Cumhuriyeti	6,05	5,70	6,20	6,40	7,36
Danimarka	8,27	7,50	7,70	8,00	8,90
Estonya	6,31	7,10	6,80	7,60	8,36
Finlandiya	8,38	7,60	7,60	7,30	9,15
Fransa	5,70	5,30	6,40	6,30	7,01
Almanya	7,25	7,50	6,60	7,50	8,70
Yunanistan	5,02	3,70	4,70	4,80	6,90
Macaristan	4,99	4,20	4,60	6,20	4,11
İzlanda	6,84	6,10	7,10	5,70	7,21
İrlanda	6,64	5,60	6,40	6,50	8,28
İsrail	6,28	6,60	5,70	4,70	6,91
İtalya	6,05	5,10	5,20	4,90	7,20
Japonya	6,02	5,80	6,00	6,00	5,89
Letonya	6,20	6,10	5,10	7,30	8,07
Litvanya	6,38	6,20	6,00	7,70	8,12
Lüksemburg	7,45	7,00	7,30	6,40	7,87
Malta	5,59	5,80	5,20	4,70	5,47
Meksika	6,16	5,40	3,90	4,90	5,75
Hollanda	6,40	7,00	7,20	6,20	7,70
Yeni Zelanda	7,52	6,50	7,30	5,70	8,56
Norveç	8,37	7,60	7,80	7,90	9,01
Polonya	6,73	5,70	5,90	6,00	8,37
Portekiz	5,54	4,60	5,40	6,00	7,38
Romanya	4,48	4,70	4,70	6,03	5,05
Slovakya	5,40	5,10	5,40	6,10	7,02
Slovenya	5,32	4,70	6,20	6,90	7,55
Güney Kore	6,13	6,70	6,30	5,30	5,63
İspanya	6,43	4,70	5,70	5,40	6,84
İsviçre	8,42	7,70	7,90	8,30	9,11
İsviçre	6,85	8,10	7,00	8,00	8,70
Türkiye	5,55	5,80	4,70	4,00	4,42
Birleşik Krallık	7,02	6,30	7,10	6,90	7,22
ABD	7,37	6,20	6,00	4,60	8,02

Correlation between Governance and Democracy, Economy Policy, Social Policy and Environmental Policy Quality

Democracy	Economic Policies	Social Policies	Environmental Policies
0,77	0,84	0,80	0,43

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- Ott, J. C. (2011). Government and Happiness in 130 Nations: Good Governance Fosters Higher Level and More Equality of Happiness. *Social Indicators Research*, 102(1), 3–22. <http://doi.org/10.1007/s11205-010-9719-z>
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