# TRANSPARENCY AND ACCOUNTABILITY IN GOVERNANCE: AS REFORMING TOOLS IN INDIA

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**Malay R. Patel**
Academic Associate
Indian Institute of Management, Indore
Pradandh Shikhar, Rau-Pithampur Road, Indore Madhya Pradesh-453331

**Abstract**

*In the past decade there has been enormous growth in Transparency and Accountability initiatives in private and public sector functioning's in India, Rationale behind the advent of these ingenuities is to address developmental failures and to fill in the gaps of democratic deficiencies in the most effective way. The radical step of bringing transparency and accountability in governance not only helps in correcting the faulty institutional mechanism but also helps in gaining trust and goodwill among various stakeholders for an organization. Transparency and Accountability in Governance, today is widely used as indispensable visionary tool of reforming, which helps the organization to rectify the system discrepancies for the better functioning of the day-to-day administrative operations, along with the gratification to all its stakeholders. Present paper examines & critically reviews the use of transparency and accountability in governance as reforming tools in Indian context exploring both private as well government organizations, it essentially highlights links between transparency & accountability along with the gaps found in the reforming structure. The conceptual framework of SWOT analysis is applied to study the transparency & accountability initiatives taken as a part of better governable reforms, the conclusion arrived at, from the SWOT analysis is to determine the optimum level of transparency & accountability in governance necessary for an organization. The final proposal in the paper aims is to derive ideal level of transparency & accountability in governance across the various industries.*

***Keywords** : Transparency, Accountability, Reforms, Governance, India*

With the advent of Indian economic reforms in 1991, and the onset of Information age in early 2000, Indian organizations were compelled to'Re-Invent' the governing mechanism in this moving era. Mechanism needed in governance was expected to replenish the faulty existing system, which was widely abused and infused with fecund corruption, inordinate delays and was totally inefficient in its overall functioning. There was a thrust required to be given in terms of reformation in the system of governance for an organization to make it trustworthy and creditable in the eyes of the stakeholders. This drive of system reformation can be fundamentally achieved with the incorporation of Transparency and Accountability in the Governing Principle of an organization. *Transparency and Accountability in Governance across the organization in Indian settings are like the "Environment changing agents which essentially change the environment (situation) in which interaction of the Governed and Governor Takes place"* [1]

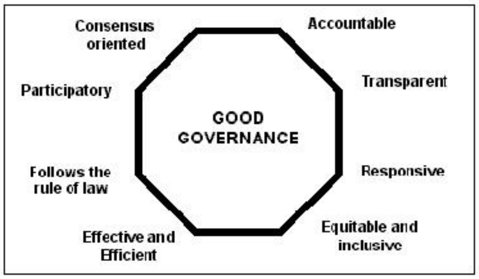
Transparency and accountability are critical for the efficient functioning of a modern economy and for nurturing social security. In most societies, many powers are delegated to public authorities. Transparency ensures that information is available to the stakeholders of an enterprise; this information helps them to measure the authorities' performance and to safeguard them against any possible misuse of powers by the governing authorities. In that sense, transparency serves to achieve accountability, which means that authorities can be held responsible for their actions. Without transparency and accountability, trust will be lacking between a government and those whom it governs. The result would be social instability and an environment that is less than conducive to economic growth. (Carstens, 2005) [2]

This article offers a critical review on understanding the impact and effectiveness of transparency and accountability initiatives for the better governable reforms in India. The article is developed in five sections, next section talks about the Governance, Transparency & Accountability its meaning & significance, Section:III talks about Transparency & Accountability in Governance as the Reforming tools and the Section:IV describes Transparency and Accountability as part of Governable Reforms in public and private sectors in India. Section: V Conclusion & Further Scope of research.

**Governance:** The concept of "Governance" is as old as human civilization. "Governance" means: the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.[3]

**Good governance or bad governance** can be adjudged on the basis of defining objectives, arriving at decision to attain the set objectives, overall consequences of the implemented decision and most essentially having a provision to setup the standards to perform the decision making process. Sole attainment of set objective through decision making is not just the criteria for good governance its overall consequences and standards formed are also taken into the considerations. Eg:-If a state government is recruiting young engineering graduates for their developmental projects, as part of their good governance procedure state government should give proper justification behind the selected candidates, mere selection of the candidates with an ambiguous selection process would never be called as a good governance.

**Characteristics of Good Governance (figure: 1)**[4]




Source:-www.unescap.org

**Good Governance: Significance-** *"It takes 20 years to build a reputation, and five minutes to ruin it" -Warren Buffet, Chairman, Berkshire Hathaway* As, it is described by Mr.Warren Buffet in the above statement, it implies that bad governance can spoil organization's reputation in few minutes, this will in turn thwart organization's long term sustainable growth that's why it is really important to have good governance in an organization for the maximum satisfaction of the stakeholders for an organization.

**Who are the Stakeholders?** A person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives and the policies.The key stakeholders in an organization are :-Employee of an organization-Internal Customers, Shareholders- Investors, Customers - Prospectus, Professional Association, Media, Investment Analysis- Financial community, Vendors, Community Organizations –Volunteers, Academic Institutions- Industry Expert, Strategic Alliances- Partners, Competitors, Government- Regulators, Organization Board of Directors, General Public.(Maclnnis,2011).[5]

**Transparency:** From the viewpoint of economics, the issue of transparency can be better understood by focusing on "information asymmetry." A situation in which information asymmetry exists is described as a "lack of transparency" or "opaqueness". Transparency is about making our decisions and actions visible to others ( Berg, 2010).[6] it is about sharing and disclosing the necessary information to the stakeholders. Transparency is about responsibility and recognition; it not only builds organization's trustworthiness but also brings individuals and their ideas together. Transparency upholds idea of non-secrecy and openness of information in administration. Good transparency policy in organization not only inform the people about decisions that affect them, but also lets them know the grounds on which such decisions have been taken.

**Characteristics of Good Transparent Policy[7] -** It should provide information that is easy for the interested party to use; it should strengthen user groups; it helps disclosers to understand users 'changed choices'; Design metrics for accuracy and comparability; it should be designed for comprehension; it should Incorporate analysis and feedback from the user group; and transparency & openness should promote accountability (Fung

**Accountability:** The obligation of an individual ororganization toaccount for its activities, accept responsibility for them, and to disclose the results in transparent manner in front of the stakeholders. It also includes the responsibility for money or other entrusted property of an organization.[8]

**Difference between: Responsibility and Accountability-** Responsibility: -"A sphere of duty or obligation assigned to a person by the nature of that person's position, function, or work."[9] Accountability: -"is the readiness or preparedness to give an explanation or justification to relevant others (stakeholders) for one's judgments, intentions, acts and omissions when appropriately called upon to do so."(Bivins, 2006)[9]

**Linkages: Transparency & Accountability-** Accountability is the complementary function of Transparency; if system of governance is transparent enough it would promote accountability, Transparency and Accountability are linked vis-a-vis its mission of an organization, Transparency and Accountability are linked vis-a-vis its performance in relation to that mission(Tandon,1995)[10]

**Transparency & Accountability In Governance: Reforming Tools:** Now, that we know the meaning of transparency, accountability and governance. We would be here discussing the significance of transparency & accountability in governance. Transparency & Accountability are important aspect of good governance, as it positively portrays the functioning of the organization among the various stakeholders; Transparency in their functioning gives organization due creditability. It also promotes the standardized system oriented approach in decision making across the organization, along with the reduced chances of biased and irrational non-standardized decisions.

**Advantages of Transparency & Accountability in the Governance:** It reduces the chances of corruption, favoritism, nepotism and the like; transparency & accountability in governance of an organization improves the accountability of the staff. As the power of all officers and arms of the Governance are out in the open, and proper records of all actions of officials are available, it becomes easy to fix responsibility in case of any misdemeanor. On the other hand, if decision-making process is shrouded in secrecy, officers involved will take the onus of an incorrect decision(Virani,n.d)[11]; it empowers the stakeholders or the interest parties for an organization it essentially helps them to know the duties performed by the each official in the organization, whom to be approached for grievances what is the procedure to be followed for a particular process etc.; it saves precious time of the officials in an organization, and helps in fostering better relationship with the Stakeholders.

**Reforms:** Reform is deliberative changes in the structures and work processes of organizations for better performance. Reform is also necessary in an organization for its adaptation in the changed environment. Therefore, it is a continuous process and is undertaken in order to work in the changed context, time and public demand. Reform is a means to make the administrative system more effective instrument for maintaining equality, for bringing justice and for making economic growth[12] Administrative reform involves system analysis, that is, examination of administrative systems to detect what is wrong and what can be improved. The ultimate goal of system reforms is to remove the faults and imperfections in existing system.

### Gaps: In Transparency policy for Better Reforms

Gaps in Disclosure of Information: This gap arises when the Information's are not complete, time relevant. So as the part of the good transparency policy which is discussed earlier information should be flawless and time relevant.

Gaps in incentives to use available information: This gap arises when the Information is readily available to predict the potential fragility management ignores the warning signals and does not firm action. This gap can be filled by better reforming policy.[13]

### Transparency & Accountability as Reforming Tools in Governance conceptual model

**Swot Analysis (table: 1)**

| |
|---|
| **Strength:** Builds Trust among the stakeholders, Effective and Efficient System of Governance and Fair & Just system of Governance |
| **Weakness:** Disclosed Information Genuineness can also be dubious and Wrong Interpretation of available information can give detrimental result to an organization. |
| **Opportunities:** Retention of the customers, Reputation Management, Long-term Economic &Social sustainability for an organization, and Better Customer Relationship Management. |
| **Threats:** To control & conceal Information in Information age, Direct involvement of the stakeholders, promotes lack of privacy policy in an organization, With too much of transparency & accountability in the system of governance can be manipulated for individuals own gain & purpose by the stakeholder itself. |

### Transparency & Accountability: Governable Reforms in India

**Public/Government Sectors: India-** The two most important developments regarding Transparency & Accountability in government or public sector in India are right to information act and e-governance.

**Right to Information Act, 2005 (RTI)**

*"We live in an age of information, in which the free flow of information and ideas determines the pace of development and wellbeing of the people. The implementation of RTI Act is, therefore, an important milestone in our quest for building an enlightened and at the same time, a prosperous society. Therefore, the exercise of the Right to Information cannot be the privilege of only a few."* Dr. Manmohan Singh, Prime Minister of India,

Valedictory Address at the National Convention on RTI, October 15, 2006. The passage of the Right to information act on 13th October 2005, has been a truly revolutionary event, in the sense that it has empowered citizens of India to seek information on all public matters without asking for justification, it also sets a time-frame within which officials must provide information, and also provides for punishments for those officers who with mal-intent, deny information to the public without proper justification. The Act requires every public authority to computerise their records for wide dissemination and to proactively publish certain categories of information so that the citizens need minimum recourse to request for information formally. Some provisions of Act have come into force with immediate effect viz. obligations of public authorities, designation of Public Information Officers and Assistant Public Information Officers, constitution of Central Information Commission, constitution of State Information Commission, and non-applicability of the Act to Intelligence and Security Organisations and power to make rules to carry out the provisions of the Act.

**Concept of e-Governance:** e-Governance is the application of information & communication technologies to transform. The efficiency, effectiveness, transparency and accountability of informational & transactional exchanges with in government, between govt. & govt. agencies of National, State, Municipal & Local levels, citizen & businesses, and to empower citizens through access & use of Information (Mahapatra,2006)[14]

E-Governance by government of India, allows for government transparency. Government transparency is important because it allows the public to be informed about what the government is working on as well as the policies they are trying to implement. It promotes accountability in all government dealings, in recent times many Indian states have come up with various e-Governance schemes to facilitate smooth functioning in their day to day administrative affairs.

**Advantages of RTI and e-Governance**

Improving Government Process: e-Administration, Connecting Citizens: e-Citizens and e-Services, Building interactions with and within civil society e-society,[14] Empowerment of the General Public at large and Building Ethics and Integrity in the Governance.

**Private Sectors: India**

Transparency in governance is not just restricted to government; to gain good will and reputation among the various stakeholders especially customers, private organizations are also making their procedure and process transparent for the public; they are strictly abiding the code of conduct along with clear objectives and visions.

**Emergence of Corporate Governance**

To promote healthy a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders, Corporate governance emerged out. Corporate governance includes 'the structures, processes, cultures and systems that engender the successful operation of organization.' Corporate governance is laid on the foundation of Transparency, Accountability, Control, Trusteeship and Ethics.

**Corporate Governance in India a Brief Note**

It started in 1997, with formation of Kumar Managalam Birla committee which laid down its outline on Corporate Governance. Accordingly, Companies act was amended in the year 2000 and introduced the concept of: Audit committee : Here the emphasize was laid on independent directors so that there could be proper utilization of public money for achieving the objectives of the company. Directors Responsibility statement: under these statements the director tackles the responsibility that all the legal provisions have been complied with and the accounting standard adheres in the preparation of financial statement. Subsequently Clause 49 was introduced in the listing agreement which was revised by N Murthy committee and gave the importance to Definition of independent directors as such Certificate by CFO & CEO, Quarterly review of accounts, Risk Assessment & Mitigation strategy of the company and Code of Conduct for top Management

**Conclusion:** In the year 2004,Richard Calland and Guy Dehn in their book White blowing around the World, has written about the King II who confirms that there is a move away from the single bottom (i.e. profit for shareholders) to triple bottom, which clasps the company' s socio-economic activity. In the words of the King's Committee:

".. *Successful governance in the world in the 21st century requires companies to adopt an inclusive and not exclusive approach. The company must be open to institutional activism and there must be greater emphasis on the sustainable or non-financial aspects of its performance. Boards must apply the test of fairness, accountability, responsibility and transparency to all acts or omissions and be accountable to the company but also responsive and responsible towards the company's identified Stakeholders. The correct balance between conformance with governance principles and performance in an entrepreneurial market economy must be found, but this will be specific to each company."*[15]

**Further Scope of Research**

There is no doubt about it that today, Transparency and Accountability are no longer viewed as secret components of the governance, indeed they used as the strategic reforming tools for the better governance, However as they say "anything in access is poison" in similar lines the level of Transparency and Accountability differs from organization to organization from sector to sector, above mentioned conceptual SWOT analysis can be empirically, validated with specific Industrial sector for the further research in this direction.

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