

# “Good Governance and Ethics” in the South African Municipalities

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Good governance is a solid foundation for improving service delivery and sustainable growth. Good governance and a good work ethic should be on the minds of politicians and senior civil servants if they are to sincerely improve the livelihoods of the poor on the South African continent. The 1994 Public Service Transformation identified the need for a code of conduct in South Africa as an essential element in raising high standards of ethics and professionalism. It is necessary to plan to implement measurable strategies, conduct ongoing fraud risk assessments, and raise public awareness through education and training in good governance and ethics. The purpose of this article is to assess how unethical practices affect good governance practices and, in particular, people’s trust in local government. In this context, the research is purely conceptual and has followed analysis of secondary data. It is imperative to implement ethical principles for economic and social development at the local level. The Public Service Commission then developed a code of conduct in 1997. Mismanagement is increasingly seen as one of the root causes of crime in our society. Corruption, poor service delivery, crime, and critical infrastructure not being properly maintained are signs that power cuts and good governance are deteriorating in South Africa. Ethical behaviour makes an organization more agile and effective. There is also a need to advocate and promote ethical practices for city councillors and employees.

*Keywords:* good local governance, corruption, crime, citizen trust, unethical practices and code of conduct

## Introduction

*The 1994 White Paper on Transforming the Public Service* identified the need for a code of conduct for South Africans as an essential element in improving high standards of ethics and professionalism. It is therefore of fundamental importance that officials act fairly and equitably towards all, and not just pay lip service to transparency and openness (Vyars Doorgarpersad & Abibio, 2006, p. 385), but also ensures that these principles express themselves based on Batho Pele’s own principles. People also want their government to take responsibility for everything they do and what they do and ensure their needs are met. Ethical standards and expectations of public servant conduct are often set forth in codes of ethics that are often enshrined in rules and regulations and are also implicit in conduct that may constitute misconduct under many different forms (Agere,

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1992, p. 39). Ethical dilemmas arise from a situation that requires choosing sets of principles, values, beliefs, and perspectives (Cranston, Ehrlich, & Kimber, 2003, first). Citizens demand elements of good governance such as quality of services, fair treatment of individuals, transparency, accountability, participation, and strong measures to reduce corruption (UNDP, 1997). Ethical climate at the individual and organizational levels is important for understanding and comparing traditional ethical systems with current systems (Raga & Taylor, 2007). It is imperative that every public servant, when accepting a government job, is aware of his or her special obligation to be open, fair, and impartial in their interactions with the public. Citizens have less confidence in the government’s ability to solve problems when they believe that government is increasingly corrupt and are therefore less likely to vote (Farad & Rosany, 2007). Finally, to strengthen trust in government, “government must be better governed”, more transparent, accountable, and responsible, with more active engagement with the public and especially religion.

### **Concepts Clarification and Nature of Ethics Accountability and Good Governance**

Josephson (1995, p. 84) argues that responsibility means the ability “to accept responsibility for decisions and the foreseeable consequences of action and inaction, and to set an example for others”. As Rautenbach and Malherbe (2004, p. 179) explain: Accountability implies that Parliament must benefit from adequate information so that the people know the truth. As Macaulay and Lawton (2006) argue, accountability determines whether a particular government is trustworthy or not. Governance is a qualitative expression and a normative concept (Wehmer, 2000). Governance is a dynamic connotation, meaning a state is managed (Wehmeir, 2000). Good governance involves imposing new standards on public servants, including service quality, fair treatment of individuals, transparency, accountability, and participation (Wehmeler, 2000). Governance refers to the tasks performed by a person or organization responsible for overseeing the strategic direction of the municipality and the implementation of its responsibilities (SAICA, 2013, p. 14). Morality, therefore, does not concern the self in isolation but is fundamentally social; Freakley and Burg (in Cranston et al., 2003, p. 1) see morality as something we should do. These views imply that moral judgments must often be made regarding a given issue or situation (Cranston et al., 2003). Good governance is fundamentally a matter of leadership; such leadership is characterized by the ethical values of responsibility, accountability, fairness, and transparency and is based on expressed moral obligations. Coicaud and Warner (in Walters, 2009, p. 1) explain that ethics is concerned with what is essentially human in our nature. Burgh (in Cranston et al., 2003, p. 1) explains that ethics is about what we should do. Ethics is normative; it is the realization of the possibility of diffusion among available lines of action on the basis of the interaction of common values associated with ongoing institutional activities and in a form wider community of life (Jennings, in Sindane, 2009, p. 500). According to Uhr (1988), justice is at the heart of morality. Ethics, therefore, defines a mode of behavior that is expected in society and organizations. In administrative contexts, ethics involves the application of moral principles to the behavior of organizational managers (Thompson, 1985). According to Kernighan, ethics is a reflection of higher moral standards in the behavior of public officials and provides a basis for people’s trust in government (Kernaghan, 1978).

## **Literature Review**

### **Linking Good Governance and Professional Ethics**

Lack of professional ethics and good governance are two critical factors that obstruct efficient and effective performance by the public services. One important outlook relating good governance is that it focuses on the

amelioration of the relationship and interaction between a government and its society (Cloete & Auriacombe, 2008, p. 449). Many leaders such as member of parliament cabinet ministers and public servants fail to fully represent their constituencies, misuse their powers, and fall short of serving the people interest (Aucoin & Jarvis, 2008). According to Disolane (2012, p. 49), ethical behaviours are needed in order to place local government under greater scrutiny and thus to induce organisations to become more socially responsible and accountable. Hence, Lawton, Rayner, and Lasthuizen (2013) identify integrity and authenticity as virtual characteristics that are able to ensure accountability. The concept of ethical leadership has been discussed in the *King III Report* (King Committee on Corporate Governance, 2009) which contains guidelines as to what the ethical behaviour and conduct conceived as a private business sector guidelines document describes many principles of good governance that are essential to the success of the public sector legislative framework. Against this backdrop, maladministration in South African local government has opened the floods to unethical leadership (Madonsela, 2013). Ethics is not only about honesty and integrity (King Committee on Corporate Governance, 2009).

The South African *Prevention of Corruption Act*, 1992, defined the term corruption as:

any person convicted of corruption whenever that person adopts a corrupt manner, receive or agree to receive any gift as an inducement or reward for yourself or any other person another person, the result of that action leads to favourable or unfavourable feelings towards the other person the party providing the instigation; and any person who wrongfully gives or receives a gift from party as an incentive or reward for providing services on behalf of and for the benefit of the party designated party. Corruption stands for any conduct or conduct on the part of persons entrusted with the responsibility of performing public functions, which violates their duties as public authorities and is aimed at achieving any form of satisfaction for themselves or others. (Department of Civil Service and Action, 2002; Vyas-Doorgepersad, 2007, p. 286)

### **Public Responsibility and Good Governance**

Responsibility is a human concept which designates a social relationship in which an actor feels obliged to explain and justify his behavior to relatives (Bovens et al., 2005, p. 5). Accountability ensures that the actions and decisions of public officials are closely monitored to ensure that government initiatives achieve stated goals and meet community needs. Any accountability system should prioritize four basic issues: (i) prioritize transparency of data, records, and records; (ii) independently review decisions and conduct for compliance with laws and policies; (iii) participation, evaluation, transparency, and feedback mechanism (Aucoin & Jaravis, 2005); (iv) publicly question ministers and officials about their executive and administrative policies and actions.

Additionally, public accountability initiatives ensure that public money is spent more economically and efficiently to avoid waste or theft. In particular, public accountability condemns and strives to combat corruption, as it is one of the worst enemies of development by diverting resources, eroding public institutions, making erode the legitimacy of government and the credibility of state action and ultimately destroy people's trust in government. The abuse of public functions by for-profit organizations is bad for accountability and good governance (Aucoin & Heintzman, 2000, pp. 45-46). Responsibilities impose obligations: People who exercise power must answer to their superiors, and calculate and judge them. Sections 91(1) and 92(2) of the Constitution of the Republic of South Africa 1996 define the responsibilities of the President, Vice President, and Ministers, individually and collectively. For clarity, the Constitution provides: The President, Vice President, and all Ministers are responsible to Parliament [and the nation] for the exercise and performance of their powers and duties (RSA, 1996, Paragraphs 91 and 92). The Constitution clearly stipulates what personal responsibility includes. According to Rautenbach and Malherbe (2004), personal responsibility includes the following elements:

- The obligation to explain to Parliament how to exercise and carry out the powers and duties within the scope of parliamentary control.
- Obligation to admit mistakes and promise to fix them.
- Obligation to resign in case of personal liability.

Nkandla's case is seen by many South Africans as an attack on Chapter 9 institutions and directly on the people of Thuli Madonsela, the Public Protector, in violation of the Constitution under which the powers and public protection offices are established and protected (RSA, 1996, Section 182). Furthermore, the decisions described by Thuli Madonsela in her Nkandla report show her to be an ethical and courageous person. Macaulay and Lawson (2006, p. 706) assert that competence is a fundamental human characteristic that enables effective and efficient work. In South Africa, there is a tendency to appoint individuals without fully considering their ability to perform their duties. From 1994 until now, South Africans have witnessed a series of ministers, commissioners, and even heads of government agencies being fired and demoted. Considering her position as president and the brewery, this is not an easy task for her. His behavior confirmed to Challan in 1997 that the idea of political morality was being reformulated as civic morality in other circles.

### **Ethical Leadership and Code of Ethics at the Local Sphere**

The Office of the Civil Service Commission initially issued the Code of Conduct for Civil Servants as Government Notice/Gazette of Official Regulations 5947, NOR825, on 10 June 1977. The code of conduct provides guidelines in both public officials and employers of what type of ethical behaviour is expected of them.

The code also gives an indication of the spirit in which public officials should perform their duties, the action to take to avoid conflict of interests, and the terms of public officials' personnel conduct and private interest (Cameron & Stone, 1995, p. 80). As stipulated in the Public Service Commission (2010), a code of conduct for civil servants at the national and local levels includes: Relations with the legislative and executive branches: Employees are loyal to the Republic, respect the Constitution, and abide by it in the conduct of their daily duties. Give top priority to the public interest in the performance of duties, faithfully implement relevant government policies in the performance of official duties contained in all laws and other regulations, and strive to be familiar with and comply with all legal provisions. Masu and other instructions applicable to its actions and duties, and to cooperate with public authorities established by law and the Constitution for the promotion of the public interest. Employee relations: Employees cooperate with other employees to promote the public interest. He will carry out all reasonable instructions from duly appointed persons unless they violate the provisions of the Constitution or other laws. He shall not prioritize relationships or friends in work-related activities and shall never abuse his authority, influence other employees, abuse his authority or use appropriate means to do not express dissatisfaction or influence other employees. Representatives are committed to the optimal development, motivation and development of employees regardless of their race, gender, ethnic or social origin, colour, orientation, age, disability, religion, political opinion, conscience, worldview or culture, commitment, and employee promotion. This includes not only refraining from political party activities in the workplace, but also language issues.

Performance of duties: An employee strives to achieve the objectives of her or his institution cost effectively and in the public interests is creative in thought and in the execution of her or his duties to seek innovative ways to solve problems and enhance effectiveness and efficiency within the context of the law, is punctual in the execution of her or his duties, executes his or her duties in a professional and competent manner, does not engage

in any transaction or action that is in conflict with or infringes on the execution of her or his official duties, will rescue herself or himself from any official action or decision making processes which may result in improper personal gain and this should be properly declared by the employee, accepts the responsibility to avail herself or himself on ongoing training self-development throughout her or his career, is honest and accountable in dealing with public funds, and uses the public service property and other resources effectively only for authorised official purposes, promotes sound, efficient, effective, transparent, and accountable administration in the course of her or his official duties, shall report to the appropriate authorities fraud, corruption, nepotism, maladministration, and any other act which constitutes an offence, or which is prejudicial to the public interest or all available relevant information, to higher authority when asked for assistance of this kind, and honours the confidentiality of matters, documents, and discussions classified or implied as being confidentially or secret.

### **Mandate for Sustainable Development**

Task for sustainable development countries emphasized the common mission of sustainable development to promote good environmental management. This is important because it shows that organizing for sustainable development does not fall into the trap of coordinating the environmental aspects of sustainability but of making matters worse. Many countries lack decentralized structures to effectively reach all regions of the country and ensure the implementation of sustainable development programs that work for all. For example, in Botswana, the national transformation strategy currently lacks the structure for continuous feedback to and from community, district, and regional levels (Government of Botswana, 2002). Only two countries, Namibia and South Africa, have successful programs in several areas of sustainable development, programs that empower the local level and give local communities control over management and use their resources, as in the case of community natural resource management (Leach, Mearns, & Scoones, 1997). Decentralization will therefore enhance citizen participation, local decision-making, and local ownership of initiatives.

### **Major Success of Sustainable Development**

The main successes of sustainable development activities implemented by countries are listed below (cited by Malawi, South Africa, Namibia, Mozambique, and Swaziland): Long-term development plans incorporate sustainability concerns. All countries have built long-term plans integrating sustainable development and demonstrate commitment to sustainable development. For example, Mauritius has a vision for 2020, Swaziland has a national development strategy for 1997, Lesotho is finalizing its vision for 2020, Mozambique has an absolute poverty reduction action plan (PARPA is also their PRSP) adopted in 1994, South Africa adopted a new 10-year vision in 2004 for the period 2004-2014, Malawi has a vision for 2020, and Botswana has a national development plan 9 for the period 2003/04-2008/09 which integrates the three pillars of sustainable development. Namibia is currently developing its second five-year national development plan for the period 2001-2006. Although sustainable development is not included in the preamble of the main goals, these goals are integrated to become a part. Specific areas of the plan: Although there is no sustainable development agency, Zambia has a transformational national development plan (2003-2008), which addresses a number of sustainable development issues.

### **Challenges**

Sustainable development poses the following challenges (cited by Malawi, South Africa, Namibia, Mozambique, and Swaziland): Financial, human, and material resources. The challenge most frequently reported

by Member States is the lack of adequate human and financial resources to implement planned programmes. Extensive training and capacity building in various areas of sustainable development are essential for sustainable development organizations to operate effectively in countries such as Botswana and Namibia, which are highly dependent on than on foreign employees. Countries must find ways to finance their sustainable development initiatives, even as they seek help from development partners. For example, public-private partnerships (including joint ventures, the private sector, and civil society groups and organizations) promise to improve the efficiency of service delivery and resource management.

Poor legislation, coordination, and institutional capacity lead to multiple parallel processes such as reported by South Africa, duplication of activities, conflicts over laws and mandates reported by Swaziland and Malawi and delaying generals take the lead in implementing the agreed national sustainable and stable development strategies. Namibia said implementing sustainable development often requires the cooperation of multiple agencies, with the main challenge being to clarify responsibilities and accountabilities to minimize duplication. In Botswana, there is still no law giving the sustainable development agency the power to enable ministries to work together. Although coordinating bodies can work, they need greater regulatory authority to achieve their goals. Worry and lack of understanding about sustainable development: Several countries (Lesotho, Malawi, and Swaziland) highlighted lack of interest and poor understanding of sustainable development issues among key stakeholders and decision makers as major obstacles. This may be the result of inadequate communication and dissemination of sustainability issues to key stakeholders and policymakers.

Therefore, the challenge for the government is to actively engage in educational awareness and benchmarking to enhance public knowledge about sustainable development. Mechanism and capacity for monitoring and evaluation: Maurice emphasized that there is a lack of capacity to monitor and evaluate progress in implementing sustainable development. Namibia said ministries and sectors still need to develop specific standards to closely monitor progress towards the Sustainable Development Goals. Irregular monitoring, lack of data, and incomplete indicators make it extremely difficult to evaluate the impact of policies and programs. The United Nations has developed 56 indicators that countries can use to track and measure progress towards sustainable development. It is important to encourage countries to adopt the indicators and help them build the capacity to do their job. Shocks and losses due to the external environment: Globalization and external forces can hinder the sustainable development of member countries due to negative impacts on their economies. Maurice emphasized that income at the national level depends heavily on trade. As a result, the economy is extremely dynamic and vulnerable to shocks caused by global markets. Some member states are struggling with heavy foreign debt burdens, food insecurity, the lack of access for their products to developing country markets as well as the negative impact of protectionism.

### **Theoretical Framework Underpinning the Study**

It is important that any scientific research must have a clear theoretical framework to guide the research. The main theoretical support comes from stewardship theory and agency theory. Stewardship theory describes the roles and accountability parameters of local government leaders (managers) and their governance functions, essentially how they use owner's assets in the most effective way. Agency theory discusses the relationship between principal and agent from the point that both parties are motivated to act in their own self-interest, which increases the possibility of conflict. Stewardship theory involves controlling something that is entrusted to a caretaker but does not belong to the entrusted person (Waters, 2013, pp. 324-340); therefore, politicians and

government administrators are also entrusted with the guardianship of the nation under their control while in office. As a result, the term management is considered to describe the relationship between government, industries, and the public (Saner & Wilson, 2003, pp. 1-8).

Therefore, the community can withdraw the responsibility entrusted to it if the manager does not take responsibility for his or her actions. For example, most municipalities will face corruption because management theory focuses on the management of resources by those responsible on behalf of the owners. Stewardship is a useful concept in management philosophy (Karns, 2011, pp. 337-347) and applies to many fields. Ngwakwe (2012, pp. 311-329) affirms that being a good community manager means having a culture of mutual accountability between government, officials, service providers, and citizens. Management can be a responsibility. Accountability is defined as the process by which a person or group of people can be held responsible for their behavior (Glynn & Murphy, 1996, pp. 125-137).

It is unfortunate that the dismissal of these managers increasingly leaves behind the wanton and violent actions of previously ignored populations (local residents); thus, the best way to demonstrate good governance is accountability in the management of public resources. According to Corruption Watch (2013, pp. 13-37), there have been numerous reports of administrative incompetence, mismanagement of public funds, and abuse of resources by managers at the local government level, which are apparently tolerated by corruption. Statistics from 2013 show that 225% of reports received from the public involved local governments, traffic police, educational institutions, housing subsidies and allowances, and African police services in poor service delivery and corruption. Management theory involves the management of resources by those responsible on behalf of the owners. Stewardship is a useful concept in management philosophy (Karns, 2011, pp. 337-347) and applies to many fields. Mazibuko and Fourie (2013, pp. 130-135) recognize that mayors, city managers, councillors, and public servants have the greatest responsibility for demonstrating good governance and accountability. Considering the relationship that can influence service delivery in the public sector, the concept of governance should be considered as responsible leadership to build public trust.

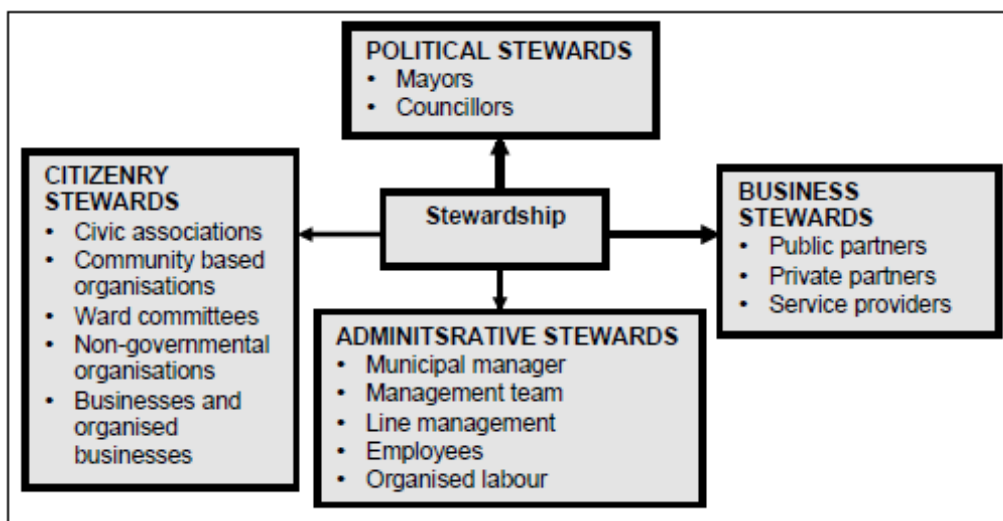


Figure 1. Stewardship relationships in local government (Source: Author’s own illustration).

From the above discussion it should be apparent that the concept of stewardship is the equivalent to accountability. An ideal embodied stewardship is that elected councillors, citizens, administrative officials, and

public private partnership hold each other accountable for the effective and efficient running of local government. Despite the fact that stewardship has become an important concept for identifying those. The major elements of each stewardship role are presented in Figure 1 above. Therefore, it is essential to note that the key stewards are the local government administrators. Mazibuku and Fourie (2013) recognise that mayors, municipal councillors, and officials have the greatest responsibility communities to demonstrate good stewardship and accountability. Saner and Wilson (2003) argue that the stewardship concept is an essential driver of consultation processes, the system of governance oversight practices and also in setting out voluntary initiatives. Within the context of this paper the philosophy of stewardship requires that those who are entrusted with governance responsibilities and functions strive to be effective in the public institutions employing them. In local government perspectives, the stewardship concept is invoked to remind all municipal officials about the service delivery responsibilities that is due to their principals, the public at large.

Stewardship is also build upon the principles of social responsibility, where the stewards are encouraging to strengthen their relationships with communities through relationships. According to King Code of governance principles and the King Report on governance in South Africa (King III) (King Committee on Corporate Governance, 2009) in terms of stewardship in local government, an organisation is expected to act with intellectual honesty, exercise accountability in decision making committed and courageous, and also demonstrate the knowledge and skills required for governing local entities effectively. It is important for the council to empower executive management and its council committees appropriately so as to ensure a balance view of the municipality strategic direction. In order to understand the thinking behind the seemingly radical concept of accountability, it is important to appreciate that the role of stewards in every public service institutions is to deliver the service envisaged by their principal's stewardship which is a useful concept in management philosophy (Robb, 2012; Karns, 2011) and is applicable to a wide range of fields (Waters, 2013). According to Podrug (2011, p. 407), fundamental postulate of stewardship theory is that managers always act in such a way as to maximize the interest of an organisation and to ensure an ethical quality of leadership. Therefore, it is essential to note that the key stewards are the local government administrators.

### **Agency Theory**

Agency theory was first conceptualized to understand the relationship between principals and its urgency (Zu & Kaynak, 2012; Hannefey & Vitulano, 2013). Therefore, the theoretical framework when applied to public sector units will be divided when distinguishing between actors and managers in the field of local government. For example, if local government managers are to behave as agents, then they must manage government resources using national budget allocations (housing, health, education, etc.). The agency theory has been invoked under Section 238 of the Constitution, which requires that “an executive branch of the State in any branch of government may delegate any power or function exercised or legally enforced upon any other executive authority of the State”, provided that the delegation is subject to the law under which the power or function is exercised or the exercise of any power or the performance of any function to any other executive authority of the State on the basis of an agency or delegation (RSA, 1996).

Agency theory has its roots in economic theory (Eisenhardt, 1989) and is proposed as a means of evaluating the relationship between principals and their agents. Caers et al. (2006) argue that when agents are not fully controlled, it is likely that fundamental goals will not be achieved. Therefore, agency theory proposes that the



survival of any organization depends not only on the relationship between managers and their agents but also on the assumption that all necessary information is available (Droege & Spiller, 2009). According to Kivisto (2007, p. 21), the problem with agency theory is that it is relatively easy for agents to send false information to managers. This is one of the challenges facing South African local government, due to the weakness of local government, due to the weakness in local leadership and governance structures (AGSA, 2011).

Subject to the provisions of Article 152 of this constitutional mandate (or separation of powers), the goals of local government are: (a) provide democratic and accountable government for local communities; (b) ensure sustainable provision of services to the community; (c) promote economic and social development; (d) promote a safe and healthy environment; (e) encourage the participation of communities and community organizations in local government (RSA, 1996). According to Kivisto (2007, p. 48), “Public sector organizations, including local governments, are subject to public criticism”. In South Africa, local government and the communities they serve have gone through a period of transition and should, over the past 20 years, have begun to demonstrate a rudimentary understanding of democracy. However, problems and challenges related to service delivery remain unresolved (Koma, 2010). Accountability is an element of governance that requires individuals or leaders who make decisions and take actions on specific issues to be responsible for their actions (King Committee on Corporate Governance, 2009). In other words, the challenges of service delivery are growing and the opposition is clear from a growing number of powers. African municipalities are the result of a series of complex situations in which the promises of agents remain unfulfilled.



Figure 2. Agency theory in the local government (Source: Authors’ own Illustration).

Agency theory, when used to explain that local government exists to provide resources to the community, emphasizes that a principal-agent relationship should also be relied upon trust: that the agency will perform as expected and that when challenges are encountered, managers will receive timely and relevant information, allowing them to make strategic and effective decisions. Despite the fact that local government agencies are highly suspect, exhibit poor leadership, and do not apply good governance and transparency in their administration, the principles of agency theory still hold value and can help restore relationships effectively, simply, and directly (Zu & Kaynak, 2012; Hannafey & Vitulano, 2013).

### Conclusion

In short, education and training are the backbone of raising awareness and creating an environment around a political issue. This article argues that “morality”, responsibility, is indispensable to the promotion of democracy and good governance, to which the social contract theory of the 17th and 18th centuries is well suited. This requires regular mandatory training for public officials on ethical issues. Specific functional areas within the public service tend to shape unethical behavior. A rotation system in which bid committee members are announced on the same day the bid decision is made will help eliminate the risk of unethical behavior in the process. For South Africa, a number of lessons have been learned regarding the willingness of municipal governments to develop and implement anti-corruption measures, largely although some municipalities. The central government, especially districts and municipalities, has policies and structures to combat corruption and fraud. On-site has proven to be insufficient to effectively combat corruption (Department of Provincial and Local Government, 2008). Monitoring the performance of accounting staff should include a level of commitment to detecting unethical behaviour and periodically reporting on issues that have been resolved and eliminated. In addition, it should be the policy of the Appointments Commission to declare assets for first-time appointed officials, starting at the director level.

The code of conduct is further regulated by each municipal council under Article 160 of the Constitution, which is not explicitly provided for in the code of conduct for councillors. Evaluation and monitoring tools are needed to check the implementation of the code of conduct at the municipal level and further contribute to the development of an environment of accountability and transparency at the management level. Access to information tools is a necessary condition to enhance public participation. Ethics and integrity are tools that create boundaries for ethical behavior. Market-related compensation can contribute to unethical behavior.

Finally, it is clear that the concept of management is equivalent to the concept of responsibility. An embodied ideal in governance is that elected councillors, citizens, and administrative officials are mutually accountable for the efficient and effective management of the performance of local government. A performance gap is not a reflection of a lack of skill but can be a product of poor morale and laziness. Agency theory holds that principal and agent are inseparable while their relationship depends on the assumption that the agent is in control and the agent derives power from the agent. On the other hand, governance theory holds that governance, as an important element of accountability, is an intrinsic component of the principal/manager relationship.

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