

Corporate Governance in Local Governments of the Public Sector for Sustainable Development: An Integrated Review

Isaac Jerry Kwabena Asare¹, Yusheng Kong²

¹PhD Candidate, ²Professor,

^{1,2}School Finance and Economics, Jiangsu University, Zhenjiang, China

ABSTRACT

Corporate governance in the public sector, particularly, in local governments is crucial to quality service delivery, citizen participation and sustainable development. Using Integrative Review approach, the study sought to review literature on corporate governance in local governments of the public sector. The results, according to the frame of the study based on selected literature revealed that most studies focused on one rather than two or more countries, there seemed to be less quantitative studies than qualitative studies, there seemed to be more reviews on the subject than empirical studies. The study confirms that public sector corporate governance as a concept is receiving some attention in both practice and literature.

KEYWORDS: Corporate governance; public sector; local governments; decentralization

How to cite this paper: Isaac Jerry Kwabena Asare | Yusheng Kong "Corporate Governance in Local Governments of the Public Sector for Sustainable Development: An Integrated Review" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-4 | Issue-6, October 2020, pp.949-959, URL: www.ijtsrd.com/papers/ijtsrd33504.pdf



Copyright © 2020 by author(s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (<http://creativecommons.org/licenses/by/4.0>)



1. INTRODUCTION

In recent years, the need to promote more functional and accessible public services as well as participatory governance has made its wave felt across the globe paving the way for local government decentralization (Adusei-Asante, 2012). National governments and international development organizations have backed and promoted this new model of government with the hope that it would bring governance closer to the people and help deepen democracy (Lohrey et al., 2019). Besides, central governments alone cannot coordinate all the demands of its citizens, and hence, the need for some form of well-structured local units which are geographically dispersed and general purposed to help respond quickly to the citizens (Marume et al., 2016). Consequently, the world has seen much efforts through constitutional and institutional reforms and programs leading to the formation of local governments, which receive (some sort) of authority, resources and functions from the central governments (Hansen, 2001; Smoke, 2001). Local governments (LGs) may be described as institutions established to be in touch with the grassroots to address their needs and concerns.

Local governments are expected to help improve public service quality, increase equity in public services, ensure responsiveness to the needs of citizens, enhance participatory governance, promote accountability, maximize transparency and increase development outcomes at the

grassroots level (Agba et al., 2013; Pietro, 2018). These functions may be pursued according to the legal frameworks, challenges, resources and commitment of the various countries across the globe. Therefore, both developed and developing nations may not achieve the intended purposes at the same pace and magnitude. Literature confirms the existence of disparities in the distribution, allocation and access to public services (Agba et al., 2013; Waterman, 2014). The challenge does not only pertain to access, allocation and distribution of public services but also governance in the institutions.

Central governments cannot do without the local governments in the provision of quality public services to citizens (Marume et al., 2016; Matei & Drumasu, 2015). But, this depends on the quality of governance of local governments to meet the intended objectives (Lohrey et al., 2019; Sellers & Lidström, 2007; Steven & Wouter, 2010). Good (corporate) governance at the local governments level is therefore indispensable and should be taken seriously (Boyett & Ward, 1999). Surprising enough, the quality of governance, especially, in local governments of the public sector has had little attention among researchers (Lohrey et al., 2019; Steven & Wouter, 2010). The situation of scarce research in this subject area might have surfaced because of the following: (i) that many researchers do not recognize the role of 'governance quality' in local

governments (Steven & Wouter, 2010); and (ii) that local governance styles of countries are diverse in nature and therefore pose a limitation (Smoke, 2001).

Going forward, this paper seeks to explore literature in public sector corporate governance. It will discuss the relationship between governance in the context of local governments and public service quality. Also, the study will explore relevance of corporate (good) governance in local governments. The paper attempts to discuss the concepts of decentralization, local governments, local governance and corporate governance premising the relevance of the concepts on the response to the challenges of public service delivery confronting several communities globally. The study also intends to contribute to theory and research in local government administration and organization and corporate governance.

The study has five main parts. The introduction provides background to the study while the second part introduces readers to the concepts of decentralization, local government, local governance and good governance. The third and fourth parts present the methodology and the results respectively. The results are discussed under themes such as corporate governance in the public sector; corporate governance in local governments and service delivery; and local government quality and challenges. The final part concludes the discourse and offers some recommendations. Find below an introduction to the key concepts that underpin this study.

2. Decentralization

Decentralization implies transferring authority and resources with functions from the national to local levels of organizations in both private and public sectors (Brackertz, 2013; Frimpong Boamah, 2018; Mbogela, 2014). The organization may be a state, a corporation or an institution with sub units dotted across a geographical area. Decentralization operates at two levels. First is decentralization that occurs across field or branch levels of organizations in public institutions, where some functions are transferred to branch or field offices of organizations from the center (Isufaj, 2014). In this regard, planning, management and accounting (fiscal) responsibilities of national governments are transferred to field units of Ministries, Departments and Agencies (MDAs) across lower units: regional, district and community levels (Isufaj, 2014). The second refers to local government decentralization. In Local government decentralization, constitutionally created municipal or district governments receive authority, resources and functions to act as the representative of a central government within a given geo-political area (Adusei-Asante, 2012; Isufaj, 2014; Mbogela, 2014). Its purpose is to ensure quality service delivery, citizen participation, good governance and development at the grassroots through local government sub-structures. Three types of decentralization operate in local governments. They are political, administrative and fiscal. Each of these has its own tenets but may complement each other (Isufaj, 2014). In almost every public organization, such types as political, administrative and fiscal decentralization may be found to co-exist. However, in the paper, we focus on administrative decentralization.

2.1. Administrative Decentralization

Administrative decentralization redistributes some political power, functions and fiscal resources within the organization

in order to serve the interests of residents. The three types of administrative decentralization are de-concentration, delegation, and devolution. De-concentration associates with the national government's allocation of resources, authority and responsibility to its lower units (Alao et al., 2015) while maintaining the same hierarchical level accountability of bottom-up approach from the local to the central government through agencies, departments and ministries respectively. De-concentration is often perceived as an initial step in freshly decentralized governments (Frimpong Boamah, 2018).

Delegation deals with the transfer of resources, power and functions to lower units of organizations or agencies that are not certainly branches or field offices of the delegating body. Here, accountability to the sub-national units may not be often considered more important as accountability to the delegating central unit (CIPFA and SOLACE, 2015).

The third type, devolution is the ultimate purpose of local government decentralization. Devolution requires a full transfer of power, decision-making functions, human and fiscal resources and others to a lower local tier of public body that is self-governing and fully autonomous from the delegating body. Lower units that are devolved are usually recognized as independent legal entities (Alao et al., 2015; Brackertz, 2013; Dollery & Robotti, 2008; Perez-Lopez et al., 2015) and are referred to as local governments.

2.2. The Concept of Local Government

Lower local units of national governments such as municipalities, districts, counties, etc. with devolved authority, function and resources are referred to as local governments (Altmann et al., 2000; Isufaj, 2014). A local government operates on the wheels of decentralization and affects development outcomes such as poverty reduction, peace and political stability, local economic development, fiscal improvements, participation, inclusion, voice, transparency, accountability, and service delivery at the grassroots (Isufaj, 2014). Local government is the most common element of decentralization around the world (R. Ryan & Woods, 2015; Sellers & Lidström, 2007). The type of State; unitary or federal and type of government; democratic or undemocratic may influence the style of local government decentralization being practiced. For instance, in a political administration of unitary and undemocratic states, a multiplicity of local government decentralization practices may manifest. For such administrations, local governments function as state bureaucracy apparatus with little autonomy (Kabi et al., 2014).

For countries like the former French colonies, national presidents may appoint the members of the local government bodies but countries colonized by the British practice some form of semi-autonomous local government system. Their local governments are considered legal entities and have locally elected councils but suffer some central control (Smoke, 2001). Furthermore, local governments may be recognized as corporate bodies responsible for bringing governance and the benefits of government closer to the people (Brackertz, 2013). In other words, local governments therefore serve as conduit through which good governance and democracy are dispensed to the grassroots. In the next paragraphs, we try to show that local government decentralization is justifiable.

2.2.1. Justification for Local Government Decentralization

We offer three reasons for the need to establish and rely more on local governments:

1) Centralization, interference and long bureaucratic processes in Ministries, Departments and Agencies (MDAs) across field offices have hindered the attempts to mitigate the problem of public service delivery (Brackertz, 2013). This situation could not be compromised as people become more conscious of the problems associated with institutional bureaucracies. Citizens prefer to have the control of government machinery closer to them, they want to be part of government and contribute to governance. Consequently, they push for the creation of local level governments to provide easy and timely access to public services delivery and participation in development (Agba et al., 2013).

2) The pressure to practice democracy, improve education and communication are imminent (Sellers & Lidström, 2007). The sustainable development goals of the UN also hammer on the need to improve governance through democratization, making it necessary for local governments to provide a platform for local community representation, civic leadership, promotion of community interest, access and quality education and freedom of voice. All member nations are called upon to embrace and work to meet the set targets. Therefore, member countries have no choice but to yield to this pressure (Crespo et al., 2017; Jones et al., 2017; Riaracháin, 2015).

3) Growing service demands have generated grave fiscal problems for nations (Smoke, 2001). In his work, (Mbecke, 2014) postulates that national governments have realized the underutilized managerial role of local governments together with their untapped revenue potentials (Akorsu, 2015; Olalekan, 2015). According to him, the prevailing socio-economic circumstances facing the world, more especially, emerging economies serve as enough motivation for local government decentralization. He identified fiscal decentralization and local government reforms as key issue amongst the most common trends in recent development discourses. In his work, he underscores three issues that have engendered a growing interest in strengthening local governments in developing countries. They are the failure of national governments to promote adequate development through economic planning; the move to change international economic conditions through structural adjustment programs intended to improve public sector performance; and the changing political climate across the developing world.

Having recognized local governments as part of the solution to the challenges of public service delivery, the next question is what governance model does local governments of the public sector need to solve our public services problem? These reasons encourage central governments to develop and equip local governments to help deliver better public services and good governance to the people.

2.3. Governance

What is governance? How does one determine 'quality of governance'? In other words, how does one define good or bad governance? The latter question has stimulated debates to unresolved conclusions based on the definition of 'quality' but before then; let us turn to the meaning of governance by considering the following definitions:

'The traditions and institutions by which authority in a country are exercised'

'Regimes of laws, administrative rules, judicial rulings and practices that constrain, prescribe, and enable government activity',

'Societal capacity to give direction to society' and

'The cooperative action of the State with various social actors'

(Steven & Wouter, 2010) identified the above as various definitions for governance. Putting the definitions together, we deduce governance to be an activity or a system (tradition) by which a body (regime/institution/State) delivers a given mandate (action/capacity). (Riaracháin, 2015) also provides a straight forward explanation and states that governance is about 'developing the appropriate structures and processes for directing and managing an organisation so that stakeholders can be assured that the organisation is operating effectively and efficiently'. From the definitions we note that governance involves structures or institutions, processes, stakeholders, resources, actions, regulations and goals. Therefore, where these elements function appropriately, one may say there is good governance, which describes quality. In view of this, our working definition of governance will be a system of management that delivers on an organization's mandate (including resources) based on the principles of accountability, transparency and efficiency, a leaning on the tenets of corporate governance. In this case, one may use the principles of efficiency, transparency, accountability etc. to judge governance quality.

2.3.1. Quality of Governance

While there seems to be some agreement and clarity on the concept of governance, the opposite appears to be the case regarding the issue of 'quality of governance'. (Steven & Wouter, 2010) claim there are lack of clarity on the meaning of 'quality of governance' and that 'quality' as a concept has different implications and can be measured in diverse ways. We partly agree with them but we think the definition of governance outlined above have something to offer on the 'quality of governance' debate. We acknowledge that different fields such as development economics, international affairs, new public management, private sector management, and governance indicators define governance in different ways (Steven & Wouter, 2010) but giving the numerous definitions of governance, for example, as in the cases above, we observe the regular appearance of certain elements of governance, which may be used as criteria to determine bad or good governance (Isufaj, 2014; Osman et al., 2014). Such elements are transparency, accountability, efficiency, integrity, responsibility, etc. – they may be considered standards for measuring 'quality of governance'. Thus, good governance may manifest when principles like transparency, accountability, efficiency, integrity, responsibility, etc. are adhered to and met. The reverse may be considered bad governance.

City and County Management Association, Association of Irish Local Government and Institute of Public Administration have developed six good governance principles, which serve as guidelines for public sector governance (Riaracháin, 2015). The model offers a clear and complete overview of important elements of corporate governance from a local government perspective to explain governance, legal, regulatory, and other requirements for

councilors and all other stakeholders within the sector. The six principles have been labelled as core and supporting but in this work, we list only the core principles as quoted below:

1. 'Good governance means focusing on the purpose of the authority, on outcomes that deliver sustainable economic and societal benefits and on implementing a vision for the local authority.
2. Good governance means members and officials working together to achieve a common purpose within a framework of clearly defined functions and roles.
3. Good governance means promoting and demonstrating public service values through upholding high standards of conduct and behaviour.
4. Good governance means taking well informed and transparent decisions and managing risks and performance.
5. Good governance means developing the organisational capacity and the leadership capability and competencies of members and officials to operate effectively and fulfil the purpose of the organisation.
6. Good governance means engaging openly and comprehensively with local people, citizens and other stakeholders to ensure robust public accountability'. (Riaracháin, 2015)

2.4. Corporate Governance

Corporate governance from the private sector perspective emerged after the corporate collapses and scandals in the last two decades of the 20th century, which affected some big companies in Australia, United Kingdom and the USA etc. (Agyemang & Castellini, 2013). In response to the situation, stricter laws were formulated to curb corporate misconduct and to introduce clarity to the obligations and responsibilities of individuals within the corporation (Agyemang et al., 2013). Boards were formed with directors,

who were made to take greater responsibility for governance by actively monitoring the activities of management (Agyemang & Castellini, 2015; Rashid, 2017). By this, corporate governance was defined in terms of compliance or conformance owing to the numerous practice codes and guides that have evolved across the globe (Ponnu, 2008).

Shleifer in (Ozuomba et al., 2016) explains that CG involves policies, processes and people who direct and control management activities with the purpose of serving the needs of shareholders and other stakeholders with objectivity and integrity. The principles of integrity, openness, trust and accountability as well as promoting robust internal control mechanisms, risk management, compliance with ethical and statutory requirements are the pillars of corporate governance (Aguilera & Jackson, 2010; Mbu-ogar et al., 2017; Ozuomba et al., 2016). Corporate governance boosts stakeholder confidence in organizations (Rose, 2016).

3. Methods

We adopted the Systematic Reviews and Meta-Analyses (Moher et al., 2009) and the Integrative Review frameworks to guide the study (Noonan et al., 2018). These frameworks were used to guide the search of literature, analysis of data and presentation of findings. Together with the use of Boolean operators, truncation and synonyms (Table 1), we searched through seven electronic databases from 2009 to 2019 with keywords on the subject or theme. The various databases we searched were Google Scholar, Google, Semantic Scholar, SCOPUS, Web of Science, Science Direct and Research Gate. Finally, we downloaded quantitative, qualitative and mixed-method studies which have been published in peer-reviewed journals that focused on corporate governance, public sector and local government themes.

Table 1

Search Terms

'corporate governance' OR 'good governance' OR 'quality of governance' OR 'corporate institutions' OR 'corporate bodies OR 'local government' OR 'local governments' OR 'municipal governments' OR 'district governments' OR 'urban governments' OR 'local governance' OR 'municipal governance' OR 'district governance' OR 'urban governance' OR 'public services' OR 'public service delivery' OR 'delivery of public services' OR 'service quality' OR 'quality of public services' OR 'public sector' OR 'public sector governance' OR 'corporate governance in local government' OR 'local government AND corporate governance' OR 'corporate governance in the public sector' OR 'corporate governance AND public sector'

3.1. Text Selection

We chose a 10-year period to make sure we cover a comprehensively relevant field of literature. Our search results from the various databases identified 1077 studies. These studies were then exported to Mendeley reference management system. We removed all duplicates and thus reduced the number to 667 articles. We also screened all the titles and abstracts of the studies for relevance based on the criteria for inclusion. After this step and discussion with the study group, 127 articles were kept for full text evaluation. The inclusion criteria were that literature must be relevant to subject and study objectives, journal articles must fall within the year range of 2009 to 2019, however, older but very relevant literature was accepted. Any literature that fell outside the criteria was ignored. The process scaled down the number to a bearable size of 18 after excluding 109 texts which failed to meet the legibility criteria. The finally selected literature was read and the needed information churned out through a realist approach to evidence based synthesis of literature. The findings were tested, honed, refined and used for the composition of the study. Find process framework in Figure 1.

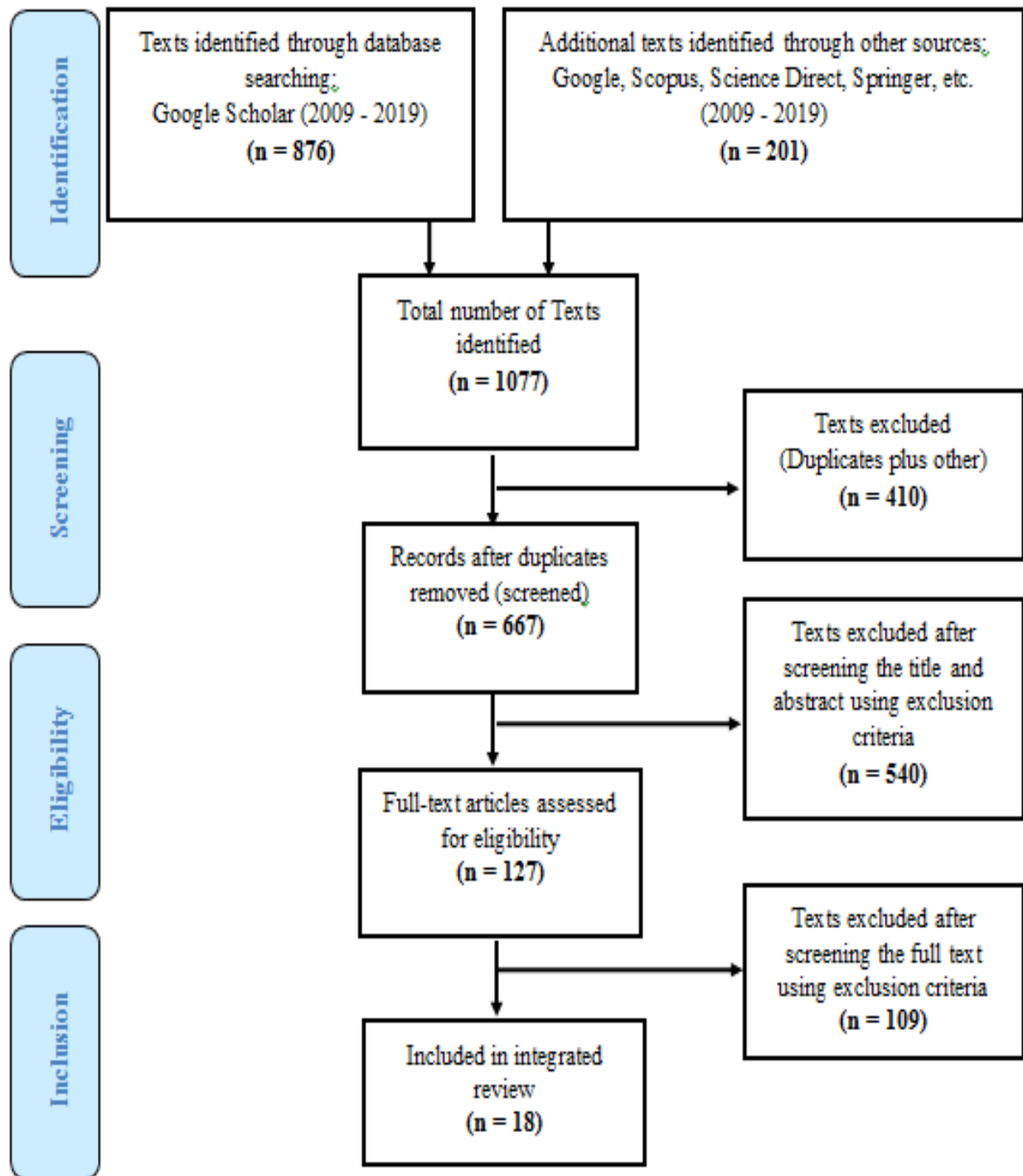


Fig.1 Prisma Flow Diagram

3.2. Methodological Quality of Studies

To ascertain the quality of the selected studies, we posed the following seven (7) questions, which sought a 'YES' or 'NO' or Not Clear('NC') answers.

1. Has the aim of the study been clearly stated?
2. Does the study have appropriate methodology?
3. Does the research design address the aim of the research?
4. Were appropriate strategies used to meet the aims of the research?
5. Were the data analysis satisfactorily robust?
6. Were the findings clearly stated?
7. Do consider the research significant?

The questionnaire model was adopted from (Noonan et al., 2018). From Table 2, the 18 selected articles on the average were considered good material for the study.

Table 2 Methodological quality of studies

Studies	Yr. of Pub.	1	2	3	4	5	6	7	Scores
1 (Matei & Drumasu, 2014)	2014	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
2 (Matei & Drumasu, 2015)	2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
3 (Boix, 2001)	2001	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
4 (C. Ryan, 2000)	2000	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
5 (Chigudu, 2018)	2018	Yes	Yes	Yes	Yes	NC	NC	Yes	5/7
6 (Som, 2013)	2013	Yes	Yes	Yes	Yes	NC	NC	Yes	5/7
7 (Subramaniam et al., 2013)	2013	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
8 (Uwa & Samuel, 2013)	2013	Yes	Yes	NC	Yes	Yes	Yes	Yes	6/7
9 (Fleming et al., 2005)	2005	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
10 (Mbecke, 2014)	2014	Yes	Yes	Yes	NC	Yes	NC	Yes	5/7
11 (Lohrey et al., 2019)	2019	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
12 (Mulyadi et al., 2012)	2012	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
13 (Narbón-Perpiñá et al., 2019)	2019	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
14 (Steven & Wouter, 2010)	2010	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
15 (Oviasuyi et al., 2010)	2010	Yes	Yes	Yes	NC	Yes	NC	Yes	5/7
16 (Tyomlia, 2018)	2018	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
17 (Bovaird et al., 2003)	2003	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7
18 (Brackertz, 2013)	2013	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7/7

NC: Not Clear

3.3. Classification of Data

After authenticating the quality of the extracted literature, we analyzed them based on thematic features. All studies that focused on corporate governance and the public sector were put under one category while those, which focused on local government or governance quality were put in their respective categories. We summarized all 18 extracted studies and classified them according to relationship and focus. Thus, we obtained the following as captured in Table 3:

Table 3 Classification of results

Sub-Themes	Study No. as in Table 2
Corporate Governance in the Public sector	1, 2, 3, 4, 5, 6, 7, 8 and 9
Corporate Governance in Local Governments and Service Delivery	10, 11, 12, and 13
Local Government Quality and Challenges	14, 15, 16, 17 and 18

4. Results and Discussion

Overall, the 18 texts were used for the study. All other texts included in the references part are for supplementary purposes. All articles except three are connected to corporate governance or public sector or local government. The methodology was adopted from the three unfamiliar sources (Moher et al., 2009; Noonan et al., 2018). The study adopted subjective approach for discussion. Tables 4, 5 and 6 describe the various studies used in developing the paper, where each table is supported with a discussion. The studies touched on about five (5) continents. Five studies focused on Africa, four studies focused on Australia, another four in Europe and two in Asia while one study focused on sixty-five OECD nations made up of both developing and developed countries. However, two reviews appeared general without focus on any specific location.

Results cover case studies conducted in Romania (Matei & Drumasu, 2014), Australia (Brackertz, 2013; Lohrey et al., 2019; C. Ryan, 2000; Subramaniam et al., 2013), UK (Bovaird et al., 2003), Nigeria (Oviasuyi et al., 2010; Tyomlia, 2018; Uwa & Samuel, 2013), South Africa (Mbecke, 2014), Belgium (Steven & Wouter, 2010), India (Som, 2013), Indonesia (Mulyadi et al., 2012), and Spain (Narbón-Perpiñá et al., 2019). We also included studies with broader coverage and cross-sectional in nature: Africa (Chigudu, 2018) and 65 developing and developed nations (Boix, 2001), general (Fleming et al., 2005) and global (Matei & Drumasu, 2015). The studies under consideration were conducted with qualitative, quantitative or mixed methods through a questionnaire, interview or a desktop approach or a combination of the tools. The results of the study are reported and discussed under sub-themes (Table 3). With reference to the eighteen separate texts in (Table 2), there are seven empirical studies – six are country specific while one is comparative (Boix, 2001). The reviews are eleven: eight are country focused while three are comparative (Bovaird et al., 2003; Chigudu, 2018; Matei & Drumasu, 2015). Four of the eighteen articles were published between the years 2000 and 2005 while the rest, fourteen were published from 2010 to 2019.

4.1. Corporate Governance in the Public Sector

Nine studies out of the eighteen cover a broad spectrum of area (though studies appear country specific), from the study on evolution of CG instruments (Matei & Drumasu, 2014) through development processes and efficient CG in public institutions (Matei & Drumasu, 2015; Som, 2013) and the growth of the public sector (Boix, 2001), through studies on principles of CG in the public sector (Chigudu, 2018; C. Ryan, 2000) to factors that affect corporate governance (Subramaniam et al., 2013), causes of corruption in the public sector (Uwa & Samuel, 2013) and developing a conceptual technique for pursuing an ethically-

focused CG audit (Fleming et al., 2005). Looking at the publication dates of the studies, the results confirm the notion that in the early 2000s, public sector corporate governance was seen as a subject yet to be defined (C. Ryan, 2000) but after a decade, public sector corporate governance has become a concept that is receiving more attention both in practice and literature (Matei & Drumasu, 2015).

According to (Matei & Drumasu, 2015), corporate governance of public organizations as leadership control method encompasses a set of guidelines and principles like honesty, integrity, responsibility, transparency, risk management and control mechanisms, which they perceive as mechanisms needed to achieve the goals of public corporations for public needs satisfaction. Literature has noted the need for effective leadership and a shared understanding of governance (Subramaniam et al., 2013). Such studies seem to agree with the conceptual method of (Fleming et al., 2005) for public sector corporate governance. Adding their voice, (Lohrey et al., 2019) noted that the public sector should be accountable to the people and this accountability should be extended to account for performance and responsibility of public bodies, responsiveness to public needs and dialogue between residents and public organization. To this end we note that corruption may minimize if effective corporate governance is enforced in public sector institutions (Uwa & Samuel, 2013). Find the focus of the various studies based on the sub-theme under consideration in Table 4.

Table 4 Studies on CG in the public sector

Title of Study	Features as extracted from Studies
Romanian Public Sector: A Corporate Approach	Analyzed the evolutional, theoretical and comparative aspects of corporate governance in the Romanian public sector.
Corporate Governance and Public Sector Entities	Analyzed the development processes and efficiency of CG in public entities using comparative and historical methods. Identified transparency, responsibility, integrity etc. as key elements of CG.
Democracy, Development and the Public Sector	Panel data on 65 OECD nations from 1950 – 1990. Focused on public sector growth. Concluded that economic modernization leads to Public Sector growth.
Public Sector Corporate Governance Disclosures: An Examination of Annual Reporting Practices in Queensland	Developed a set of principles of GC in the public sector. Applied principles to GOCs, SGDs, LGs and SBs. Found that principles derived were applicable to most public entities; CG disclosure was piecemeal due to lack of established public sector CG framework.
Corporate Governance in Africa's Public Sector for Sustainable Development: The Task Ahead	Focused on CG principles in the public sector of selected countries in West Africa and Southern Africa. Found that 'excessive' political decisions are passed on to public officials as directives from politicians.
Corporate Governance of Public Sector Enterprises in India	Focused on CG regime for PSEs in India and CG challenges faced by PSEs. It measured up the governance practices of PSEs against the OECD Guidelines on CG of SOEs. Found that the Government of India was taking some steps to improve the performance of CPSEs through reforms.
Understanding corporate governance in the Australian public sector A social capital approach	Analyzed factors that affect CG in Australian state SGDs. Found that frequent departmental and leadership changes etc. were detrimental to CG, while well-structured committees were perceived to strengthen CG
An Assessment of Corruption in the Public Sector in Nigeria: A Study of Akure South Local Government Area, Ondo State	Focused on causes of corruption in the public sector of Nigeria. Found that poor CG practices like lack of transparency, weak institutions, moral laxity, etc. were significant causes of corruption in Nigeria
The Ethics of Corporate Governance in Public Sector Organizations: Theory and Audit	Conceptual method for undertaking of ethically focused audit CG. Model provides a framework to assess the integrity of a public institution and accepts inter-related themes of individual responsibility, social equity and political duty.

GOCs: Government Owned Corporations; SGDs: State Government Departments; GC: Government Corporations; LG: Local Governments; SB: State Banks

4.2. Corporate Governance in Local Governments and its impact on Public Service Delivery

Four studies focused on this theme. They covered review of King III and other literature regarding corporate governance in local governments (Mbecke, 2014), meaning of corporate governance to the grassroots (Lohrey et al., 2019), the significance of CG to public service users (Mulyadi et al., 2012) and cost efficiency in local governments (Narbón-Perpiñá et al., 2019). These studies are also country specific but they suggest how good governance of local governments may impact public service delivery (Mulyadi et al., 2012). The study brings to light the service delivery crises in local governments of South Africa, which may represent the numerous situations across the globe (Mbecke, 2014). It also helps to identify how the grassroots understand the concept of corporate governance (Lohrey et al., 2019; Mulyadi et al., 2012) – maybe, a reason to encourage more research in this area. However, one of the studies leaves us with an issue about whether the public services delivered to citizens or local residents are cost effective? Value for money regarding public services need to be explored. Without good corporate governance in local governments, residents may continue to suffer challenges in the delivery of public services in terms of access, allocation, distribution and quality. Overall, findings suggest scant research on CG in local governments and its impact on service delivery.

Table 5 Studies on Good Governance in local governments and service delivery

Title	Features
Corporate Municipal Governance for Effective and Efficient Public Service Delivery in South Africa	Focused on CG in Local Governments of SA. Reviewed the King III and other literature. Described the crisis of service delivery in LGs of SA. Concluded that the success of CG systems in the UK and Australian LGs justify the need for a distinct municipal governance system. Recommended reforms in legislation and CG guidelines.
Coming to Grips with Corporate Governance in Local Government	Explored what CG means to the grassroots in Tasmania. Revealed a narrow compliance-based understanding without good accountability strategies. Previous employment experience and industry-based training led to beliefs about the meaning of CG
The Importance of Corporate Governance in the Public Sector	Examined the importance of public sector CG to public service users. Found that public sector CG played a pivotal role in improving service quality.
Evaluating Local Government Performance in Times of Crisis	Analyzed total cost efficiency in Spanish LGs from 2008 to 2013 with 4 non-parametric methodologies. Compared 3 different output models with measures of quantity and quality. Revealed that Spanish LGs' efficiency improved over the period of 2008-2013.

4.3. Local Governments Quality and Challenges

The study points to historical references in the development of local government administration (Oviasuyi et al., 2010), quality of local governance (Steven & Wouter, 2010) and the extent to which governance at local government level enhance mobilization of citizens for sustainable development (Tyomlia, 2018). It also exposes us to the need for performance assessment in local authorities (Bovaird et al., 2003) as well as challenges such as intergovernmental dependencies, weak democratic standing, financial constraints and lack of constitutional standing confronting local governments (Brackertz, 2013). Presently, it seems not much has been covered to warrant the interpretation of local governance quality, hence, one is being advised to approach it with caution (Steven & Wouter, 2010). However, we think that corporate governance principles like accountability, transparency, efficiency, integrity etc. may be used as variables to measure quality of local governments or its governance as well as performance.

Local governments suffer many challenges such as corruption, fiscal mismanagement, intergovernmental dependencies, weak democratic standing, financial constraints and lack of constitutional standing (Asare et al., 2019; Brackertz, 2013; Chen, 2016; Ejue, 2014; Eze & Harrison, 2013; Mwaura, 2007). The presence of such challenges may cause local governments to compromise all ethical standards and thereby affecting quality of governance and government (Fleming et al., 2005). This way, codes in most countries may be rendered ineffective. Such codes projecting principles of accountability, transparency and efficiency may only appear as a mirage. The interference of the central governments and the abuse of the system by bureaucrats may impact the quality of governance negatively. In effect, governing bodies of Assemblies lack the capacity and independence it deserves to function well (Chen, 2016; Ejue, 2014; Eze & Harrison, 2013; Mwaura, 2007).

Table 6 Studies on local government's quality and challenges

Title	Features
The quality of local governance – ranking local governments in Belgium	Investigated the quality of local governance in Flanders. Found only 17 correlations out of 66 to be significant in the expected direction. Suggested to policy makers and academics to be cautious when interpreting quality of governance rankings.
Constraints of Local Government Administration in Nigeria	Discussed the development of LG administration with reference to establishment of LG functions, characteristics and accountability of CG as well as performance challenges of LG administration in Nigeria. Recommended Constitutional amended.
Local Government System in Nigeria and the Quest for Sustainable Development	Examined governance and mobilization of citizens at local government level for purposes of sustainable development. Found that local government administration in Nigeria has not lived up to expectation. Recommended reforms in local government administration
From Corporate Governance to Local Governance: Stakeholder-Driven Community Scorecards for UK Local Agencies?	Compared the performance assessment method proposed for all UK local authorities to the community scorecard method used in the USA. Suggested that the Audit Commission's approach should be revised to integrate some aspects of the USA model.
Political Actor or Policy Instrument? Governance Challenges in Australian Local Government	Focused on governance challenges of Australian local governments. Identified intergovernmental dependencies, weak democratic standing, financial constraints and lack of constitutional standing. Showed that history played a role in shaping the nature and place of LGs.

5. Conclusion and Recommendations

Corporate governance is indispensable and therefore, its practices in the public sector, especially, local governments must have the full backing of national governments (Smoke,

2001). This will help fight corruption and all forms of mismanagement. Good corporate governance in local governments may create the atmosphere for and encourage investors to invest in the local areas to promote local

economic development. Residents and other stakeholders would be assured that their wellbeing is of major concern to the local governments. Good corporate governance would also ensure that the public services are managed and delivered efficiently and effectively (Pietro, 2018). Again, corporate governance, when adopted and practiced in local governments would help facilitate the allocation of resources across the respective jurisdictions in equal, efficient and effective manner as well as creating an enabling platform for grassroots empowerment, community participation in governance and citizens' contribution toward nation building.

This means that if local governments carry out their decentralized functions well and practice corporate governance effectively and efficiently, they may have sufficient amount of revenues generated locally or transferred from the central government to finance quality public service delivery, local participation in decision making as well as funding of capital-intensive infrastructural projects. In another hand, good governance in local governments may help boost the confidence of residents and other stakeholders to participate more in decision making for effective democracy as well as donating and investing more in the local jurisdiction for local economic, social and infrastructural development. As a result, it would build a good public image for itself and alleviate the apathy it might have generated in residents. Good local governance, just as good public governance may create the platform for citizens to determine the extent at which their interests are being served. Good corporate governance ensures that organizations are governed transparently with integrity through accountability and responsibility to promote efficiency and effectiveness (Agyemang et al., 2013).

The results of this study show that most articles reviewed in this study focused on one, rather than two or more countries, there appear to be less quantitative studies than qualitative studies, there seem to be more reviews on the subject than empirical studies. Considering the period within which the articles were published (2000-2019), we observe that articles focusing on the 'corporate governance in the public sector' that were published from 2010 to 2019 form 77% of the total – thus fourteen out of eighteen articles. This supports the opinion that public sector corporate governance as a concept is receiving more attention in both practice and literature (Matei & Drumasu, 2015).

The study recommends strong commitment of government and researchers to the course of good public sector governance (Chen, 2016). National governments are required to institute suitable policies, rules and regulations as well as monitoring and evaluation plans for the promotion of effective good governance practice. Leaders and national governments, particularly, developing countries must set themselves as example in promoting corporate governance in the public sector. In addition, the study recommends the need for local governments to have a separate governance framework (Mwaura, 2007). It may be known as Corporate Governance Framework of Local Governments (CGFLG). This new model must be free from government interference to allow creativity and sustainable local development. The model must specify stricter punitive measures to promote discipline, effectiveness and efficient management of local resources in the system. Finally, we recommend to public

sector institutions and local government to uphold the principles of accountability, transparency, efficiency, effectiveness, responsibility, integrity, honesty and meritocracy.

It is expected that the full implementation of corporate governance principles and the consideration of the above recommendations through reforms may help improve the strategic direction of local governments; enhance the expertise, duties and responsibilities of Assembly or Council members; strengthen the oversight responsibilities of councils; improve the rapport between councilors, management and staff; increase the responsibilities, openness, accountability, efficiency and effectiveness of local governments. Notwithstanding, the main limitation the study encountered was scant literature on the subject (Smoke, 2001).

References

- [1] Adusei-Asante, K. (2012). The state of Ghana's local government system: the case of Assembly Members. *Inkanyiso: Journal of Humanities and Social Sciences*, 1. <http://www.ajol.info/index.php/ijhss/article/view/86872>
- [2] Agba, M. S., Akwara, A. F., & Idu, A. (2013). Local Government and Social Service Delivery in Nigeria: A Content Analysis. *Academic Journal of Interdisciplinary Studies*, 2(2), 455–462. <https://doi.org/10.5901/ajis.2013.v2n2p455>
- [3] Aguilera, R. V., & Jackson, G. (2010). Comparative and International Corporate Governance. *The Academy of Management Annals*, 4(1), 485–556. <https://doi.org/10.1080/19416520.2010.495525>
- [4] Agyemang, O. S., Aboagye, E., & Ahali, O. Y. A. (2013). Prospects and Challenges of Corporate Governance in Ghana. *International Journal of Scientific and Research Publications*, 3(5), 1–9. www.ijsrp.org
- [5] Agyemang, O. S., & Castellini, M. (2013). The Guidelines of Corporate Governance of Ghana: Issues, Deficiencies and Suggestions. *International Business Research*, 6(10). <https://doi.org/10.5539/ibr.v6n10p163>
- [6] Agyemang, O. S., & Castellini, M. (2015). Corporate governance in an emergent economy: A case of Ghana. *Corporate Governance (Bingley)*, 15(1), 52–84. <https://doi.org/10.1108/CG-04-2013-0051>
- [7] Akorsu, P. K. (2015). AN EVALUATION OF THE EFFECTIVENESS OF REVENUE MOBILISATION IN THE PUBLIC SECTOR OF GHANA. *International Journal of Economics, Commerce and Management*, III(1), 1–16.
- [8] Alao, D. O., Osakede, K. O., & Owolabi, T. Y. (2015). Challenges of Local Government Administration in Nigeria: Lessons from Comparative Analysis. *International Journal of Development and Economic Sustainability*, 1(4), 61–79. <https://doi.org/10.1017/CBO9781107415324.004>
- [9] Altmann, J., Cariño, L., Flaman, R., Kulessa, M., & Shulz, I. (2000). The UNDP Role in Decentralization and Local Governance-A Joint UNDP Government of Germany Evaluation. *United Nations Development*

Programme: New York.

- [10] Asare, I. J. K., Yusheng, K., Bawuah, J., Antwi-Adjei, A., Kissi, J., & Owusu-Marfo, J. (2019). Examining the Competency and Independence of Councillors : A Case of Selected Local Governments of Ghana ' s Public Sector. *Australian Journal of Economics and Management Science*, 8(1), 330–341.
- [11] Boix, C. (2001). Democracy , Development , and the Public Sector. *American Journal of Political Scienc*, 45(1), 1–17.
- [12] Bovaird, T., Loeffler, E., & Martin, J. (2003). From Corporate Governance to Local Governance : Stakeholder - Driven Community Score - Cards for UK Local Agencies ? *International Journal of Public Administration*, 26(8 & 9), 1037–1060. <https://doi.org/10.1081/PAD-120019359>
- [13] Boyett, I., & Ward, M. (1999). Corporate Governance within Local Government : the Allerdale case. *Corporate Governance*, 7(1), 73–80.
- [14] Brackertz, N. (2013). Political Actor or Policy Instrument ? Governance Challenges in Australian Local Government. *Commonwealth Journal of Local Governance*, 12, 3–19.
- [15] Chen, C. (2016). Solving the Puzzle of Corporate Governance of State-Owned Enterprises: The Path of the Temasek Model in Singapore and Lessons for China. In *Northwestern Journal of International Law and Business* 36(2).
- [16] Chigudu, D. (2018). Corporate Governance in Africa ' s Public Sector for Sustainable Development : The Task ahead. *The Journal for Transdisciplinary Research in Southern Africa*, 14(1), 1–10.
- [17] CIPFA and SOLACE. (2015). *Delivering Good Governance in Local Government : A Framework Consultation* (pp. 1–25).
- [18] Crespo, B., Míguez-álvarez, C., Arce, M. E., Cuevas, M., & Míguez, J. L. (2017). The sustainable development goals: An experience on higher education. *Sustainability (Switzerland)*, 9(8), 1–15. <https://doi.org/10.3390/su9081353>
- [19] Dollery, B. E., & Robotti, L. (2008). The Theory and practice of local government reform. *Studies in Fiscal Federalism and State-Local Finance*, 310.
- [20] Ejue, E. A. (2014). Corruption and Service Delivery in Local Government System in Nigeria : A Content Analysis. *International Journal of Business and Social Sciences*, 5(10), 98–107.
- [21] Eze, N. M., & Harrison, O. O. (2013). Financial Management in Local Government: The Nigeria Experience. *International Journal of Financial Research*, 4(4), 146–152. <https://doi.org/10.5430/ijfr.v4n4p146>
- [22] Fleming, S., Mcnamee, M. J., Fleming, S., Mcnamee, M., Hall, F. C., Mcnamee, M., & Park, S. (2005). The Ethics of Corporate Governance in Public Sector Organizations: Theory and Audit. *Public Management Review*, 7(1), 135–144. <https://doi.org/10.1080/1471903042000339455>
- [23] Frimpong Boamah, E. (2018). Constitutional economics of Ghana's decentralization. *World Development*, 110(June), 256–267. <https://doi.org/10.1016/j.worlddev.2018.05.036>
- [24] Hansen, K. (2001). Local Councillors : Between Local ' Government ' and Local ' Governance . ' *Public Administration*, 79(1), 105–123.
- [25] Isufaj, M. (2014). Decentralization and the Increased autonomy in Local Governments. *Procedia - Social and Behavioral Sciences*, 109, 459–463. <https://doi.org/10.1016/j.sbspro.2013.12.490>
- [26] Jones, P., Wynn, M., Hillier, D., & Comfort, D. (2017). The Sustainable Development Goals and Information and Communication Technologies. *Indonesian Journal of Sustainability Accounting and Management*, 1(1), 1. <https://doi.org/10.28992/ijSAM.v1i1.22>
- [27] Kabi, T., Kompi, B., & Twala, C. (2014). Challenges of Local Government in the Community Councils of the Maseru District in the Kingdom of Lesotho : An Historical Overview. *Journal of Social Science*, 39(1), 51–57.
- [28] Lohrey, R. C., Wilmshurst, T. D., Horner, C. A., & Williams, B. R. (2019). Coming to grips with corporate governance in local government. *Australian Journal of Public Administration*, 1–17. <https://doi.org/10.1111/1467-8500.12395>
- [29] Marume, S. B. M., Jubenkanda, R. R., Namusi, C. W., & Madziyire, N. C. (2016). Social Science of Municipal [Local] Government and Administration. *Journal of Research in Humanities and Social Science*, 4(1), 4–8.
- [30] Matei, A., & Drumasu, C. (2014). Romanian Public Sector . A Corporate Approach. *Procedia - Social and Behavioral Sciences*, 109(1), 1120–1124. <https://doi.org/10.1016/j.sbspro.2013.12.598>
- [31] Matei, A., & Drumasu, C. (2015). Corporate Governance and public sector entities. *Procedia Economics and Finance*, 26, 495–504. [https://doi.org/10.1016/S2212-5671\(15\)00879-5](https://doi.org/10.1016/S2212-5671(15)00879-5)
- [32] Mbecke, P. (2014). Corporate Municipal Governance for Effective and Efficient Public Service Delivery in South Africa. *Journal of Governance and Regulation*, 3(4), 98–106. https://www.researchgate.net/profile/Paulin_Mbecke/publication/280226794
- [33] Mbogela, C. S. (2014). Decentralization and Financial Management in the Tanzanian Local Government Authorities. *Public Policy and Administration Research*, 4(12), 58–69.
- [34] Mbu-ogar, G. B., Effiong, S. A., & Abang, J. O. (2017). Corporate Governance and Organizational Performance : Evidence from the Nigerian Manufacturing Industry. *IOSR Journal of Business and Management (IOSR-JBM)*, 19(8), 46–51. <https://doi.org/10.9790/487X-1908084651>
- [35] Moher, D., Liberati, J., Tetzlaff, J., & Altman, D. (2009). Preferred Reporting Items for Systematic Reviews and Meta-Analyses: The PRISMA Statement. *The PRISMA Group. PLoS Med*, 6(7). <https://doi.org/10.1371>

- [36] Mulyadi, M. S., Yunita, A., & Ikbal, M. (2012). The Importance of Corporate Governance in Public Sector. *Global Business and Economics Research Journal*, 1(1), 25–31.
- [37] Mwaura, K. (2007). The Failure of Corporate Governance in State Owned Enterprises and the Need for Restructured Governance in Fully and Partially Privatized Enterprises : The Case of Kenya The Failure of Corporate Governance in State Owned Enterprises and the Need for Restr. *Fordham International Law Journal Volume*, 31(1), 34–75.
- [38] Narbón-Perpiñá, I., Balaguer-Coll, M., & Tortosa-Ausina, E. (2019). Evaluating local government performance in times of crisis. *Local Government Studies*, 45(1), 64–100. <https://doi.org/10.1080/03003930.2018.1507908>
- [39] Noonan, M., Doody, O., Jomeen, J., Regan, A. O., & Galvin, R. (2018). Family physicians perceived role in perinatal mental health : an integrative review. *BMC Family Practice*, 19(154), 1–22.
- [40] Olalekan, A. (2015). Local Government Finance in Nigeria: a Case Study of Iwo Local Government Area of Osun State. *International Journal of Politics and Good Governance*, VI VI(6), 1–29.
- [41] Osman, M. M., Bachok, S., Bakri, N. I. M., & Harun, N. Z. (2014). Government Delivery System: Effectiveness of Local Authorities in Perak, Malaysia. *Procedia - Social and Behavioral Sciences*, 153, 452–462. <https://doi.org/10.1016/j.sbspro.2014.10.079>
- [42] Oviasuyi, P. O., Idada, W., & Isiraojie, L. (2010). Constraints of Local Government Administration in Nigeria. *Journal of Social Science*, 24(2), 81–86.
- [43] Ozuomba, C. N., Onyemaechi, U., Ikpeazu, N., & Sixtus, N. (2016). Effect of Corporate Governance on Organizational Performance : A Case Study of Nigeria Breweries Plc, Enugu State. *International Journal of Management Sciences and Business Research*, 5(11), 1–21.
- [44] Perez-Lopez, G., Prior, D., & Zafra-Gómez, J. L. (2015). Rethinking New Public Management Delivery Forms and Efficiency: Long-Term Effects in Spanish Local Government. *Journal of Public Administration Research and Theory*, 25(4), 1157–1183. <https://doi.org/10.1093/jopart/muu088>
- [45] Pietro, G. Di. (2018). Do citizens hold mayors accountable for local conditions? Evidence from Italian municipalities Do citizens hold mayors accountable for local. *Local Government Studies*, 00(00), 1–19. <https://doi.org/10.1080/03003930.2018.1530658>
- [46] Ponnu, C. H. (2008). Corporate Governance Structures and the Performance of Malaysian Public Listed Companies. *International Review of Business Research Papers*, 4(2), 217–230.
- [47] Rashid, A. (2017). Governance Principles & Governance Framework for the Local Government Sector. *Future Business Journal*, 4, 34–49. <https://doi.org/10.1016/j.lrp.2017.06.006>
- [48] Riaracháin, A. F. (2015). *Governance Principles & Governance Framework for the Local Government Sector*.
- [49] Rose, C. (2016). Firm performance and comply or explain disclosure in corporate governance. *European Management Journal*, 34(3), 202–222. <https://doi.org/10.1016/j.emj.2016.03.003>
- [50] Ryan, C. (2000). Public Sector Corporate Governance Disclosures : An Examination of Annual Reporting Practices in Queensland. *Australian Journal of Public Administration*, 59(2), 11–23. <https://doi.org/10.1111/1467-8500.00148>
- [51] Ryan, R., & Woods, R. (2015). Local government capacity in Australia. *Public Policy and Administration*, 14(3), 225–248. <https://doi.org/10.5755/j01.ppaa.14.3.13433>
- [52] Sellers, J. M., & Lidström, A. (2007). Decentralization, Local Government, and the Welfare State. *Governance: An International Journal of Policy, Administration, and Institutions*, 20(4), 609–632.
- [53] Smoke, P. (2001). Fiscal Decentralization in Developing Countries : A Review of Current Current Concepts and Practice. *United Nations Research Institute for Social Development*, 2.
- [54] Som, L. (2013). Corporate Governance of Public Sector Enterprises in India. *Money and Finance*.
- [55] Steven, V. R., & Wouter, V. D. (2010). The Quality of Local Governance – Ranking Local Governments in Belgium. *Int. J. Public Sector Performance Management*, 1(4), 330–345.
- [56] Subramaniam, N., Stewart, J., Ng, C., & Shulman, A. (2013). Understanding corporate governance in the Australian public sector: A social capital approach. *Accounting, Auditing and Accountability Journal*, 26(6), 946–977. <https://doi.org/10.1108/AAAJ-Jan-2012-00929>
- [57] Tyomlia, I. (2018). Local Government System in Nigeria and the Quest for Sustainable Development. *International Journal of Strategic Research in Education, Technology and Humanities*, 5(1), 172–186.
- [58] Uwa, G., & Samuel, T. (2013). An Assessment of Corruption in the Public Sector in Nigeria : A Study of Akure South Local Government Area, Ondo State. *Canadian Social Science*, 9(5), 87–97. <https://doi.org/10.3968/j.css.1923669720130905.2800>
- [59] Waterman, C. (2014). Local Government and Local Governance : 1944 – 2011. *Local Government Studies*, 40(6), 938–953. <https://doi.org/10.1080/03003930.2012.719101>