

## **SURVEYING THE RELATIONSHIP BETWEEN GOOD GOVERNANCE AND SOCIAL RESPONSIBILITY IN ARDABIL MUNICIPALITY**

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### **Abstract**

The main purpose of this study is surveying the relationship between Good Governance and social responsibility in Ardabil Municipality. The population of this study is all customers that receive services from Ardabil municipality. We determined the amount of the sample size with the used of Cochran sampling method which the statistical sample is 384, which have been selected through the simple random sampling method. To gathering of data, we used questionnaire according to UN-HABITAT report and social responsibility according to Rashid and Ibrahim (2002). Questionnaires reliability was estimated by calculating Cronbach's Alpha that is 0.766 for UN-HABITAT and is 0.873 for social responsibility. In order to analyze the data resulted from collected questionnaires deductive and descriptive statistical methods are used, and to display some statistical data we used column diagram and in deductive level to test the hypothesis of the research we used Pearson correlation. Findings there is a positive relationship between Good Governance dimensions (Efficiency, Equity, Participation, Transparency and Security) and Social responsibility at municipality of Ardabil.

**Keywords:** *Efficiency, Equity, Participation, Transparency and Security, Social responsibility, Good Governance*

### **INTRODUCTION**

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business (Van Kleef and Roome, 2007). Social responsibility is an ethical theory that an entity, be it an organization or individual, has an obligation to act to benefit society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and the ecosystems. A trade-off may [citation needed] exist between economic development, in the material sense, and the welfare of the society and environment. Social responsibility means sustaining the equilibrium between the two. It pertains not only to business organizations but also to everyone who's any action impacts

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the environment (Kalinda, 2001). This responsibility can be passive, by avoiding engaging in socially harmful acts, or active, by performing activities that directly advance social goals.

Businesses can use ethical decision making to secure their businesses by making decisions that allow for government agencies to minimize their involvement with the corporation (Kali-ski, 2001). For instance if a company follows the United States Environmental Protection Agency (EPA) guidelines for emissions on dangerous pollutants and even goes an extra step to get involved in the community and address those concerns that the public might have; they would be less likely to have the EPA investigate them for environmental concerns (Kali-ski, 2001). Swire (1997) express that "A significant element of current thinking about privacy, however, stresses "self-regulation" rather than market or government mechanisms for protecting personal information". According to some experts, most rules and regulations are formed due to public outcry, which threatens profit maximization and therefore the well-being of the shareholder, and that if there is not outcry there often will be limited regulation (Scott Armstrong, 1977).

Critics argue that Corporate social responsibility (CSR) distracts from the fundamental economic role of businesses; others argue that it is nothing more than superficial window-dressing; others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful corporations though there is no systematic evidence to support these criticisms. A significant number of studies have shown no negative influence on shareholder results from CSR but rather a slightly negative correlation with improved shareholder returns (Carpenter, Bauer, Eiderdown, 2010).

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management. Management education can be an important source of new ideas about shifting toward an integrated rather than fractured knowledge economy, but this means also that the role and meaning of socially responsible leadership needs to be updated. Much further research is needed to create a clearer understanding of what is required, both in leadership itself and in the field of leadership development (D'Amato, Henderson, Florence, 2009).

Governance is based on a set of principles that has developed over time to meet new challenges in areas such as: risk, finance, quality, probity, commerce and reputation. The current 'rules' and reactions to these challenges can usually be traced back to an initiating principle. Understanding these principles helps those tasked with developing appropriate governance to apply sensible solutions Bullivant, Burgess, Corbett-Nolan, Godfrey, 2006: 4)

Good governance is an indeterminate term used in international development literature to describe how public institutions conduct public affairs and manage public resources. Governance is "the process of decision-making and the process by which decisions are implemented (or not implemented)" (Sheng, 2009). The term *governance* can apply to corporate, international, national, local governance or to the interactions between other sectors of society.

The concept of "good governance" often emerges as a model to compare ineffective economies or political bodies with viable economies and political bodies (Agere, 2000). The concept centers on the responsibility of governments and governing bodies to meet the needs of the masses as opposed to select groups in society. Because the governments treated in the contemporary world as most "successful" are often liberal democratic states concentrated in Europe and the Americas, those countries' institutions often set the standards by which to compare other states' institutions when talking about governance (Agere, 2000). Because the term good governance can be focused on any one form of governance, aid organizations and the authorities of developed

countries often will focus the meaning of good governance to a set of requirements that conform to the organization's agenda, making "good governance" imply many different things in many different contexts (Khan, 2004; Poluha and Rosendahl, 2002).

Governance initially started to develop as the management of organizations separated from their ownership. As commerce grew more sophisticated in the late 18th century and more stakeholders became involved in organizations, governance started to develop as a means of looking after their interests. Custom and practice, advisory codes, the law and the compliance requirements of lenders and investors started to shape the governance structures and systems we know today. Governance should deliver a focus on:

- Vision – a shared understanding of what it is the organization is trying to achieve and the difference it intends to create.
- Strategy – the planned achievement of the vision.
- Leadership – the means by which the organization will take forward the strategy.
- Assurance – comfort and confirmation that the organization is delivering the strategy to plan, manages risk to itself and others, works within the law, delivers safe, quality services and has a proper grip on resources of all kinds and for which it is accountable.
- Probity – that the organization is behaving according to proper standards of conduct and acts in an open and transparent manner.
- Stewardship – that the organization applies proper care to resources and opportunities belonging to others but for which it is responsible, or can effect (Bullivant et al, 2006: 4).

Defining the principles of good governance is difficult and controversial. The United Nations Development Program UNDP "Governance and Sustainable Human Development" (1997). Enunciates a set of principles that, with slight variations, appear in much of the literature. There is strong evidence that these UNDP – based principles have a claim to universal recognition. In grouping them under five broad themes, we recognize that these principles often overlap or are conflicting at some point that they play out in practice according to the actual social context, that applying such principles is complex, and that they are all about not only the results of power but how well it is exercised.

*Participation* – all men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively. Participation by both men and women is a key cornerstone of good governance (Graham, Amos, Plumptre, 2003).

*Effectiveness and efficiency* – processes and institutions produce results that meet needs while making the best use of resources (Graham et al, 2003). Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment (Sheng, 2009).

*Transparency* – transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor those (Graham et al, 2003).

*Equity* – all men and women have opportunities to improve or maintain their wellbeing (Graham et al, 2003). A society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but

particularly the most vulnerable, have opportunities to improve or maintain their wellbeing (Sheng, 2009).

## METHOD

The main purpose of this study is surveying the relationship between Good Governance and social responsibility in Ardabil Municipality. The population of this study is all customers that receive services from Ardabil municipality.

We determined the amount of the sample size with the used of Cochran sampling method which the statistical sample is 384, which have been selected through the simple random sampling method. To gathering of data, we used questionnaire according to UN-HABITAT report and social responsibility according to Rashid and Ibrahim (2002). Questionnaires reliability was estimated by calculating Cronbach's Alpha that is 0.766 for UN-HABITAT and is 0.873 for social responsibility.

In order to analyze the data resulted from collected questionnaires deductive and descriptive statistical methods are used, and to display some statistical data we used column diagram and in deductive level to test the hypothesis of the research we used multi correlation. In order to determine the relationship between the variables of the study, the SPSS tool has been used.

## RESEARCH HYPOTHESES

In this paper we have five main hypotheses. The statistical way of analysis of hypotheses is two ways,  $H_1$  is acceptance of hypothesis and  $H_0$  is rejecting of hypothesis. In other words, it means that  $H_1$  has positive meaning and  $H_0$  has negative meaning.

- Good Governance Efficiency Component has relationship with social responsibility at municipality of Ardabil
- Good Governance Equity Component has relationship with social responsibility at municipality of Ardabil
- Good Governance Participation Component has relationship with social responsibility at municipality of Ardabil
- Good Governance Transparency Component has relationship with social responsibility at municipality of Ardabil
- Good Governance Security Component has relationship with social responsibility at municipality of Ardabil

## HYPOTHESIS RESULTS

The following table present the correlations of each of the five hypotheses. The results show that Good Governance dimensions except "security" are all significantly and highly related with social responsibility. Table 1 shows the results of hypotheses analysis.

Table 1- Pearson's correlation coefficients of variables

Independent Variables	dépendent Variable	n	Pearson Correlation	Level of sig.
Efficiency	Social responsibility	352	.527	0.000
Equity	Social responsibility	352	.450	0.000
Participation	Social responsibility	352	.451	0.000
Transparency	Social responsibility	352	.410	0.000

Security	Social responsibility	352	.097	0.049
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According to table 1, the results show that relationship Good Governance dimensions (Efficiency, Equity, Participation, Transparency and Security) are all significantly and highly related with self-efficacy. The highest positive correlation was found between Efficiency and Social responsibility ( $r=0.527$  and  $sig= 0.000$ ).

## CONCLUSION

Governance provides a concept that allows us to discuss the role of government in coping with public issues and the contribution that other players may make. It opens one's mind to the possibility that groups in society other than government (e.g. 'communities' or the 'voluntary sector') may have to play a stronger role in addressing problems. So, This study has done to surveying the relationship between Good Governance and Social responsibility. The results of hypotheses have shown below:

According to hypothesis 1, Significant value is ( $0.000 < 0.05$ ), so, we can confirm  $H_1$  and reject  $H_0$ . And say that Good Governance Efficiency Component has relationship with social responsibility at municipality of Ardabil

According to hypothesis 2, Significant value is ( $0.000 < 0.05$ ), so, we can confirm  $H_1$  and reject  $H_0$ . And say that Good Governance Equity Component has relationship with social responsibility at municipality of Ardabil

According to hypothesis 3, Significant value is ( $0.000 < 0.05$ ), so, we can confirm  $H_1$  and reject  $H_0$ . And say that Good Governance Participation Component has relationship with social responsibility at municipality of Ardabil

According to hypothesis 4, Significant value is ( $0.000 < 0.05$ ), so, we can confirm  $H_1$  and reject  $H_0$ . And say that Good Governance Transparency Component has relationship with social responsibility at municipality of Ardabil

According to hypothesis 5, Significant value is ( $0.049 < 0.05$ ), so, we can confirm  $H_1$  and reject  $H_0$ . And say that Good Governance Security Component has relationship with social responsibility at municipality of Ardabil

Findings show that in two-tailed significance level, the significance level of test ( $0.000$ ) is small than  $0.05$ . We can confirm all  $H_1$  and reject all  $H_0$  hypotheses. In other words, there is a positive relationship between Good Governance dimensions (Efficiency, Equity, Participation, Transparency and Security) and Social responsibility at municipality of Ardabil.

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