Abstract

The evolution of governance from ancient times to the present highlights the critical role of ethics in ensuring effective and fair administration. This study explores the necessity of ethical governance in Nepal, emphasizing the interplay between good governance and ethical leadership. The literature review traces the historical development of governance concepts, from the social contract theories of Hobbes and Rousseau to contemporary definitions that stress transparency, accountability, and participation. Ethical governance is identified as essential for addressing current shortcomings in Nepal's governance structures, despite existing legal frameworks. Ethical leadership, characterized by integrity, accountability, and fairness, is pivotal in fostering trust, transparency, and sustainable decision making. Based on the narrative review, this research underscores that while good governance focuses on systems and outcomes, ethical governance ensures these are achieved through morally sound principles. The study concludes that Nepal's path to sustainable development and genuine prosperity lies in embedding ethical governance deeply within its political and administrative frameworks, driven by committed ethical leadership.
Introduction

The term “Governance” has been around in some form since ancient times and has evolved with the requirements of the respective periods (Mahanti, 2021). In the beginning, people lived without government and laws, facing challenges. To address this, they agreed on two things: Pactum Unionis for protection and Pactum Subjectionis for harmony. This created a society where everyone respected each other, lived in peace, and gave up some freedom to an authority (Hobbs, 1651 as cited in Elahi, 2013). This is evident that the evolution of the governance is a result of the social contract. Then, absolutism prevailed in governance, resulting in the term "might is always right" being coined out of absolutism in governance. Elahi further states that people contracted among and between the members of society. This led to the emergence of the institution of a ruler who shall be the absolute head, and others have no rights against authority. They are to be obeyed in all situations, no matter how bad or unworthy the ruler might be.

The meaning of the governance has been ascribed by many researchers and philosophers, the Kautaly in his book Arthashastra (321 – 296 BC) has defined the meaning of governance and the role of government as well. He then said the people want less government and more governance (Shamasastry, n.d.). It shows that the essence of governance is deeply inscribed in different ways in our eastern philosophies. Kautalya in his writing of Arthashastra further described the meaning of governance as a means to achieve the goal of the government. And the goal of the government is protection of life and liberty within the state, law & justice and welfare of the people (Joshi, 2018). The concept of governance is the exercise of authority and control to ensure accountability and promote transparency. Governance means the process of decision making and the process by which decisions are implemented or not implemented. It encompasses fast changing political, social and economic milieu together with the international environment and conditions of operational governance (Mehraj, 2020). Ysa, Albareda and Forberger (2014) have spotlighted the characteristic of governance as it is the shift of power upwards, downwards and sideways. In the recent times, the governance is further defined and the scholars gave new term as good governance which demands participation, rule of law, transparency and openness, responsiveness and responsibility, consensus, equity and inclusiveness, efficiency and effectiveness and accountability while delivering the governance (Newig et al., 2019; Madhu, 2011; Mumba, 2015). The term good governance has been in use since 1980s, researchers, authors and scholars are widely using this
word since then (Prabakaran, 2011). The Good governance assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society (Mumba, 2015). Since the governance is the exercise of political, economic and administrative authority to manage a nation’s affair, it embraces all the modes good and bad that societies use to distribute power and administer public resources (Frey, 2008 as cited in Mehraj, 2020) having said that it cannot fulfill the requirements of the ideal society by only being good rather it needs to be ethical in nature. Different philosophers have defined the term ethics in their own way. In philosophy, ethics is the branch that deals with moral principles, values, and the concepts of right and wrong. It explores questions about what is morally right or wrong, good or bad, just or unjust, and how individuals should behave in various situations. Neo administrators are diligently following and maintaining good governance practices such as transparency and accountability. However, there is a need for increased efforts to uphold moral and ethical standards and boundaries.

Ethics in governance involves integrating moral principles into the structures of organization management and control (Wieland, 2001). Unlike rule-based approaches, it is value-centered (Ghattani, 2022), emphasizing probity, integrity, compassion, empathy, responsibility, and social justice (Dristi, 2022). Ethical governance ensures that the exercise of power and utilization of resources aligns with universally acceptable standards, promoting fairness and acceptability. Thus, this paper aims to outline the need of ethic in today’s governance system in Nepal.

**Literature Review**

The morality of an action is determined by its overall utility or the greatest happiness for the greatest number. The emphasis is on consequences, and actions are judged based on their ability to maximize pleasure or happiness while minimizing pain or suffering (Mill, 1879). Morality was understood largely as tied to an imperative to “do good” or seek “justice” by “speaking truth to power (Mattingly & Throop, 2018).

Ethics as a discipline is concerned with what is morally good and bad, and right or wrong, while morality deals with standards and rules of good conduct in society, and law, as a cognitive process, regulates social life through the promulgated rules crafted by a legitimate authority (Xhemajli, 2021).

Aristotle (n.d.) virtue ethics emphasizes the development of virtuous character traits and the pursuit of eudaimonia (flourishing or living well) as the ultimate goal
of human life. The virtual ethics theory has mainly focused on the phronesis and role of community. Virtue ethics emphasizes practical wisdom or phronesis, which involves the ability to make sound moral judgments in specific situations. It's not just about knowing the rules but having the practical insight to apply them appropriately. Virtue ethics emphasizes practical wisdom or phronesis, which involves the ability to make sound moral judgments in specific situations. It's not just about knowing the rules but having the practical insight to apply them appropriately.

Kentian ethics is popular philosopher in explaining the deontological ethics. It describes the relationship between duty and morality. Duty based morality in human conduct is the main prescription of Kantian ethics. It suggests us to do our duty disregards of the consequence. Some scholars have explained the Kantian ethics linking with the central philosophy of *Bhagavat Gita*. Kent developed the particular principle to determine the moral duty, which he called the categorical imperative. It suggests that imperatives of morality are not hypothetical but categorical. Categorical means without any doubt it also represents ‘not hypothetical’ (Kant, 2011).

Act only according to that maxim whereby you can at the same time will that it should become a universal law (Kant, 2011). In simpler terms, Kant argued that when deciding whether an action is morally right, one should consider whether the principle or rule behind that action could be applied consistently by everyone in similar situations. If an action passes this test and can be consistently universalized without contradiction, it is deemed morally permissible according to Kantian ethics.

Thomas Hobbes, John Locke, and Jean-Jacques Rousseau, explore the idea that individuals agree to abide by certain rules and norms in a social contract for mutual benefit (Shaapera, 2015; Sasan, 2021). These theories often underpin discussions on political legitimacy and the justification of authority. At the same time the Kent says the certain actions are inherently right or wrong, regardless of their consequences. It focuses on duties, rights, and moral rules. According to Kant, individuals have a moral duty to act in accordance with universalizable principles, as outlined in his concept of the categorical imperative. Here the concept of social contract theory and the Kantians ethical theory both define the need of ethics and the need of society should be merged at one point to generate fair, free and transparent governance.

The governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made
and the formal and informal structures that have been set in place to arrive at and implement the decision (Mumba, 2015).

Governance is the economic and administrative authority to manage a nation’s affair. It embraces all the modes good and bad that societies use to distribute power and administer public resources. Governance is the manner in which power is exercised in the management of a country’s social and economic resources for development (Mattingly & Throop, 2018). Governance is concerned with how societies, governments and organisations are managed and led. Importantly, this includes how they structure and otherwise order their affairs, make decisions and exercise powers, and manage their relationships and accountabilities.

Levi-Faur (2012) has identified different forms of governance as a structure referring to the formal and informal set of institutions involved; governance as a process referring to the dynamics and leading functions that take place in the process of policy making; governance as a mechanism referring to the institutional procedures of decision-making, as well as compliance and control; and governance as a strategy referring to the manipulation of the institutional and mechanical design with the aim of influencing choices and preferences.

Good governance is a governance mechanism that promotes sovereignty, socialism, secularism, and democracy with an ethical commitment to justice, liberty, equality, and fraternity in the everyday life of citizens (Prabakaran, 2011). It specifically embodies eight major characteristics: participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and adheres to the rule of law. Similarly, the objectives of ethics are truthfulness, accuracy, fairness, impartiality, public accountability, and objectivity (Bharti, 2018), which are essential elements of good governance. Good governance, therefore, transforms into ethical governance.

The study on Nepal's civil service, particularly the 31st Basic Administration Training (BAT), explores the commitment to values initiated by the Nepal Administrative Staff College. Concluding that the government officials prioritize ethics and morality, aiming for positive change despite hesitations and perceived limitations in the socio-political landscape (Adhikari et al., 2020).

Lamichhane (2021) highlights the current governance mechanisms fall short due to the lack of ethical commitment among the individuals operating within it, hindering the effective governance delivery. “The Constitution of Nepal 2015, CIAA Act
1991, The Prevention of Corruption Act 2002, Public Procurement Act 2007 and Rules 2008, Good Governance Act 2008, Right to Information Act 2007 and Rules 2009, Local Government Operation Act 2017 etc. are the primarily statutory measures to ensure good governance in Nepal. But the legal provisions and practice is not sufficient for ensuring good governance in Nepal.” It means the structure is sufficient but the players inside the structure are not ethically binding that is why the system is not being able to deliver the governance.

Khanal et al., (2022) explain the factors affecting the integrity of civil servants in the delivery of public services, citizens perceived civil servants’ integrity in public service was positively affected by civil servants’ compliance with rules, their responsiveness in delivering service, their service on time, their hassle-free service, and their adequate salary.

Integrity is the heart and soul of civil service delivery, is affected by many internal and external factors such as compliance with rules, responsiveness, timely service delivery, hassle-free service, salary, prior network/connection with citizens and asking for a bribe. These factors, directly and indirectly, affect civil servants' integrity in delivering public service. Ensuring the higher level of integrity for civil service is complex, the finding reveled that only the concerned authorities can contribute to adopting innovative governance approaches and appropriate policies to build and maintain civil servants’ integrity in the coming days (Dhakal, 2020).

After reviewing various books and literature, it is found that the literatures have defined the terms "ethics" and "governance" differently. Many of the literatures have highlighted the elements of ethics and also pointed out that the government is lacking these components. However, they could not present a clear map of ethical governance.

**Methodology**

This article is based on the narrative review. The study has used qualitative research methodology, the research is exploratory and descriptive in nature. The researcher has used the desktop research method. Desktop research is the review of previous research findings to gain a broad understanding and gain more in-depth insight (Travis, 2022; in Moodly & Naidoo, 2022 as cited in Kunwar & Ulak, 2023).

**Ethics in Governance**

The Plato has said Like man, like State and the governments vary as the characteristics of men vary. States are made out of the human nature which are in them. Therefore,
we need not expect to have better states until we have better men. We cannot build utopia with young people corrupted at every turn by the examples of their elders (Durant, 2006). And he further said that the totality as an invention of weak to neutralize the strength of the strong (Durant, 2006). However, the concept of ethics has been discussed earlier in the literature of the great philosophers. It says in an indirect way that the government is the sample of the characteristics of the people leaving and that signifies the demand of the society.

The preamble of the Constitution of Nepal has outlined and upholds the essence of ethics and value-based constitutionalism. It has included Justice, liberty and equality that have ethical and moral dimensions (Constitution of Nepal, 2015). It further emphasizes values such as democracy, rule of law, human rights, and social justice. These constitutional commitments lay the foundation for value-based governance in the country. Earlier when there were no any written documents like the constitution as we have it today the ethics in the governance was paved by the law of Gita, Kuran, Tripitik, Bible and other respective holy writings and texts. But later on, with the development of human and materialization of human mind only these holy writings could not work at all (Katz et al., 2020; Hegel, 1991). The specific laws were developed to with the helix of different philosophies.

Good Governance (Management and Operation) Act (2007) represents a significant step towards promoting ethical governance in Nepal. However, addressing implementation challenges, strengthening enforcement mechanisms, and expanding the scope of ethical considerations are crucial for fully realizing its potential. This act covers the core requirements of good governance like transparency and accountability, rule of law, conflict of interest, code of conduct, anti-corruption measures but it is missing the essentials of ethical governance because there are reinforcement issues and implementation challenges resulting in limited accountability for unethical behavior.

The Right to Information Act (2007) of Nepal is a significant legislative framework designed to promote transparency, accountability, and good governance in the country. Promoting transparency and accountability in the functioning of the government, empowering citizens to exercise their right to information, reducing corruption by ensuring that government activities are open to public scrutiny. Commission for the Investigation of Abuse of Authority Act (1991) makes the officials accountable, and works as a deterrence, investigate transparency and public reporting. The act restores
the trust and empowers the citizens. In spite of the such provisions, the corruption indices have portrayed the higher numbers in the corruption index.

Despite Nepal having established a comprehensive legal framework aimed at promoting good governance, challenges persist due to a lack of ethical commitment among officials. For instance, a report from (The Transparency International, 2023) on the Corruption Perceptions Index (CPI) 2023 ranked Nepal 108th out of 180 countries, with a score of 35 out of 100. The Global Corruption Barometer (GCB) 2021 revealed that 69% of Nepalese believe corruption is a significant issue, and 60% think the government is performing poorly in combating it.

Ethical governance, characterized by moral principles like integrity, fairness, and accountability, is essential for addressing these challenges. Both good governance and ethical governance are complementary, aiming for effective and efficient governance that benefits society. They emphasize principles like transparency, accountability, rule of law, and participation (World Bank, 2020; United Nations Development Program, 2020). Both seek to minimize corruption and abuse of power. This paper advocates for integrating ethical considerations into governance structures to achieve societal prosperity and sustainable development.

At the same time good governance has the broader focus on outcomes like effectiveness, efficiency, and delivery of results (World Bank, 2020) whereas the ethical governance has narrower focus on means by upholding moral principles and values in decision-making and actions (O'Donnell, 1998). Similarly, the good governance gives emphasis on the systems and processes to ensure smooth functioning of institutions and policies whereas ethical governance emphasizes on the intentions and conduct of individuals in positions of power, ensuring choices are just, fair, and responsible (Zahari et al., 2024). But in the practice, Nepal is somewhere lacking the essence of the morality and sustainability.

The relationship between good governance and ethical governance can be likened to the soul and body of a human. Good governance serves as the foundation, providing the essential framework and systems for effective administration (Gerring et al., 2012). Meanwhile, ethical governance acts as the soul, infusing this framework with moral principles, ensuring decisions are not only effective but also fair, just, and responsible (O'Donnell, 1998).

While good governance prioritizes efficiency and effectiveness in achieving desired outcomes such as streamlined processes, service delivery, and economic growth, it may
sometimes overlook ethical considerations. For instance, a policy aimed at boosting economic growth might inadvertently harm the environment or exploit vulnerable populations. In addition, ethical governance ensures decisions are based on moral principles and values like fairness, justice, and sustainability. This ethical foundation ensures that good governance outcomes are achieved responsibly and sustainably, considering the long-term well-being of all stakeholders (Glass & Newig, 2019).

Ethical governance prioritizes long-term sustainability, taking into account factors like the environment, social justice, and the needs of future generations in decision-making. This approach avoids short-sighted policies that exploit resources or create inequities, leading to a more sustainable future for all (United Nations Development Program, 2020).

Additionally, good governance may struggle with corruption if it lacks strong ethical underpinnings. Corruption can undermine even the most well-designed systems. Ethical governance addresses corruption directly by promoting high moral standards and integrity in public officials. Examples from metro cities like Kathmandu, Lalitpur, Butwal, and others demonstrate the tangible impact of ethical governance, where shifts in service delivery paradigms can be felt. This is possible when the operators, administrators, and leaders at every step of the governance system are ethical. In such conditions, ethical governance can be felt within the framework of good governance.

**Figure 1**

*Framework of Ethical Governance*

![Framework of Ethical Governance](image)

*Source: Review of Literature (2024)*

**The Ethical Leadership**

Nepal has ideal constitution and other legal mechanisms to foster good governance. However, other indicators such as corruption, development index, and trust
indices are not aligning with these ideals. This discrepancy indicates that while the checklists are maintained, the ethical aspect remains unfulfilled. It is evident that, as human resources are important factors in an organization, likewise the leaders are one of the most important elements in fostering ideal governance in the nation. Thus, we can say that ethical leaders are the playmakers for ethical governance. When the nation moves towards sustainable development with ethical governance, these indicators will also point towards prosperity.

To achieve prosperity, we need strong leadership in every sector. This doesn't just mean to the political leadership only. A health assistant in a hospital, a section officer in a transportation office, an Assistant Sub Inspector in a police station, and others, including the mayor of a municipality, the chief minister of a province, and ministers at the center, all serve as leaders. This requires not only strong leadership traits but also a specific trait: ethical leadership. Why ethical leadership?

Ethical leadership fosters a culture of transparency, reduces corruption, and ensures sustainable decision-making within the governance system. Ethical leadership is crucial for ensuring ethical governance, acting as a foundation for a fair and transparent national culture. Ethical leaders embody and promote values such as integrity, accountability, and fairness, which are essential for ethical governance. They lead by example, setting high standards of conduct for themselves and others. This creates a trickle-down effect throughout the nation, encouraging citizens to adhere to ethical principles in their daily activities. Studies show that ethical leadership positively influences citizen engagement and reduces instances of unethical behavior among the populace (Brown et al., 2005).

**Figure 2**

*Hierarchical Relationship of Ethical Governance*

Moreover, ethical leadership fosters trust, both within the government and with
external stakeholders. Trust is a cornerstone of ethical governance, as it builds confidence in the nation’s operations and decisions. When leaders demonstrate ethical behavior, they earn the trust of their citizens, which enhances morale and productivity. Externally, ethical leadership helps in building a positive reputation, which is critical for maintaining strong relationships with other nations, international organizations, and global investors. Research highlights that trust in government significantly contributes to overall national effectiveness and stakeholder satisfaction (Dirks & Ferrin, 2002).

Ethical governance requires transparency, and ethical leaders play a key role in promoting open communication and accountability. They ensure that policies and procedures are not only in place but also adhered to rigorously. Ethical leaders encourage reporting of unethical behavior and protect whistleblowers, which helps in identifying and addressing issues promptly. This proactive approach to governance minimizes risks and reinforces the integrity of the nation. Transparency in governance processes is crucial for maintaining public trust and adhering to regulatory standards (Valentine & Godkin, 2019).

Ethical leadership is essential for sustainable decision-making, which is a core aspect of ethical governance. Leaders who prioritize ethical considerations are more likely to make decisions that balance short-term gains with long-term benefits for the nation and society. They consider the wider impact of their decisions on various stakeholders, including citizens, communities, and the environment. This holistic approach to decision-making is vital for achieving sustainability and social responsibility goals, which are increasingly important in today’s global political environment (Waldman & Siegel, 2008).

**Conclusion**

Ethical governance is fundamental to establishing a fair, transparent, and sustainable society. In Nepal, the existence of an exemplary constitution and robust legal frameworks aimed at promoting good governance does not necessarily align with current indicators such as corruption levels, development indices, and trust metrics. This misalignment underscores the critical need for ethical governance, which is unattainable without ethical leadership.

Ethical leaders are pivotal as they exemplify values like integrity, accountability, and fairness, setting high standards of conduct for themselves and others. This leadership
creates a ripple effect, inspiring citizens to adhere to these ethical principles. Trust, a key element of ethical governance, is cultivated through ethical leadership. This trust enhances both internal and external confidence in the nation’s operations and decisions. Internally, it bolsters citizen morale and productivity, while externally, it builds a positive national reputation, crucial for maintaining strong relationships with other countries, international organizations, and global investors. Research shows that trust in government significantly boosts overall national effectiveness and stakeholder satisfaction.

Transparency is another essential component of ethical governance, fostered by leaders who promote open communication and accountability. Ethical leaders ensure strict adherence to policies and procedures, encouraging the reporting of unethical behaviors. This proactive stance reduces risks and strengthens the integrity of governance processes, essential for maintaining public trust and complying with regulatory standards.

The ethical leadership is vital for sustainable decision-making. Leaders who prioritize ethical considerations strike a balance between short-term gains and long-term benefits for the nation and its citizens. They take into account the broader impact of their decisions on various stakeholders, including communities and the environment. This comprehensive approach is crucial for achieving sustainability and social responsibility goals, which are increasingly important in today's global political landscape.

Ethical governance is essential for genuine prosperity and sustainable development. Ethical leaders are the key players who can bridge the gap between ideal governance frameworks and their practical implementation, ensuring that governance is not only effective but also ethical, transparent, and trustworthy.

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