

CHAPTER II

LITERATURE REVIEW

The following topics have been reviewed for this evaluative study:

- Result-based Management in Thai governmental system
- Strategic Planning
- Strategic Plan for Thai governmental system development 2003 – 2007
- Balanced Score Card
- Change Management
- System Evaluation by CIPP Model

2.1 Result-Based Management in Thai Governmental System

(Meksawan, 2002)

Integrated by the Office of Civil Service Commission (OCSC), the concepts of result-based management (RBM) and balanced score card (BSC) have been applied to strengthen the Thai governmental system since late 1990s. RBM entails results achievement, both outcome and output, while BSC focuses on the 4 essential perspectives of modern management; internal factors, external factors, innovation and finance. All of which are critical to achieve organizational goals and objectives.

Result-Based Management

Results Based Management (RBM) refers to a management tool, which emphasizes result attainment. RSM promises the increase in organization efficiency and effectiveness as shown in this equation:

$$\text{Results} = \text{Outputs} + \text{Outcomes}$$

Outputs refer to objective or countable activities, tasks or services ready for delivery to customers while outcomes refer to subsequent incidences of those outputs, which are directly related to both customers and the public.

To achieve such goal, organization is required to set up a systematic performance evaluation consisting of distinct goal and performance indicator settings.

Objectives of RBM

Not only considered as an activity for governmental system reform, RBM is also an essential management tool to

- Improve organization performance
- Navigate organization to its vision
- Indicate organization's progress and accomplishment

Benefits of RBM

Staff

- Realize performance goal
- Know level of task accomplishment
- Gain salaries and benefits based on performance

Managers

- Be accountable to organization's vision and results achievement
- Formally commit to government and the public
- Improve organizational performance to obtain higher effectiveness and efficiency
- Obtain database for salaries promotion of the staffs

Organization

- Obtain database for budget plan
- Obtain indicators for customers and or stakeholders expectations

2.2 Strategic Plan (Wattana, 2002)

Strategic plan is defined as a long term and an overall plan for organization. In order to respond appropriately to both internal and external environments, strategic plan begins with internal and external situation analyses. The information is, then, used to set up vision, mission, strategies and direction, all of which become parts of performance monitoring and evaluation.

Strategic plan process

1. Initial agreement. Top management must, first, demonstrate the objective need to develop a strategic plan and gain acceptance from all organization members. Successful tools include a written statement to create such plan or a commitment to forge and support the realization of the plan. Top

management is also required to create linkage, using the strategic plan as a tool, with higher level plans and government policy.

2. Mandate analysis. Organization must follow rules, regulations and policies set by the government.
3. Development of vision, mission and organization's core value
4. External situation analysis. In order to analyze opportunities and threats
5. Internal situation analysis. In order to analyze strengths and weaknesses
6. Setting up strategic items
7. Use of Balanced Score Card
8. Setting up the strategies
9. Translation of strategic plan to practice
10. Monitoring and evaluation of the results

2.3 Result-based Management in Thai governmental system 2003-2007 (Office of the Public Sector Development Commission, 2003)

Crafted by The Committee on Governmental System Development under the Office of Civil Service Commission (OCSC), a new vision for the development of Thai governmental system during the period from 2003 – 2007 states that the system must respond to globalization, follow good governance and aim for the benefits of Thais.

Goals: a system consists of 4 elements:

1. Quality improvement of all public services
2. Appropriate roles, functions and sizes
3. Capacities improvement to meet with international standards
4. Responsiveness to democratic government

Strategies Seven strategies have been initiated under the aforementioned goals:

- Change in work process and method
- Structural change
- Change in financing and budgeting system
- Change in human resource and payment system
- Shift of paradigm, culture and value
- Modernization
- Public participation

Strategy 1: Change in work process and method

1. Forge all public organizations to install and use result-based management
2. Encourage organization to set up goal(s) to achieve higher quality and efficiency of services and organization development
3. Encourage internal performance monitoring, particularly at pre-activity phase
4. Encourage performance evaluation system improvement by;
 - Setting a prospective annual agreement between the Committee and the organization head
 - Performance monitoring and evaluation according to the agreement at the end of fiscal year
 - Providing bonuses based on performance

5. Encourage systematic and periodic revision of strategic plan, work plans and projects
6. Encourage the integration of consultation, public participation and customer surveys into strategic plan process
7. Encourage legislative change of unnecessary or outdated laws and regulations
8. Promote competition and contestability by decreasing monopolization of public organizations and encouraging private, non-governmental, non-profit organizations to provide services
9. Encourage the development of written guidelines for good governance for the use of training, consultation and self-assessment

Strategy 2: Structural change

1. Facilitate integrative structural change according to “Matrix” concept
2. Encourage revision of organization structure at all level to meet with changing environment and to increase flexibility
3. Encourage structural change and administrative system development of provincial level organizations in order to be an effective “outlet” of national policy and to respond to local needs and problems
4. Encourage human resource management at provincial level, particularly to create a citizen-focused services

Strategy 3: Change in financing and budgeting system

1. Improve national budgeting system
2. Adjust budgeting system to accommodate new administrative methods
3. Encourage area-based budgeting system
4. Encourage the prospective budget allocation for staffs capacity building, particularly projects or activities which can be objectively measured
5. Encourage the change from assets to capitals and other capital changes
6. Improve overall efficiency by forging organization's timely budget plan and usage, both monthly and quarterly, and electronic budget transfer
7. Improve accounting system to meet with international standards, especially to facilitate cost calculation of public services
8. Set up rules for organization's self-employment

Strategy 4: Change in human resource and payment system

1. Recruitment of highly trained professionals
2. Feasibility study of open selection system based on administrative capabilities of incoming high rank managers
3. Revise and improve position and payment classification to meet with current situation, competition, shortage and new administrative methods
4. Increase productivity of the staffs by performance evaluation related to incentives
5. Encourage strategic human resource plan based on vision, mission, objective and competency-based approach
6. Improve capacity building center and staff transfer system
7. Develop mechanism and process for ethics procurement

Strategy 5: Shift of paradigm, culture and value

1. Empower top management based on action learning concept by facilitating the set up of shared-vision, commitment, teamwork and systematic thinking
2. Encourage the creation of enabling environment and provide resource and policy support for effective organization learning
3. Encourage the setting up of Value Statement and ethical standards to decrease corruption
4. Encourage participation for the paradigm, culture and value set up process

Strategy 6: Modernization

1. Facilitate modernization of both public and state enterprise organizations which should employ the use of information technology and communication to become more responsive to public needs whether they be administration, service, public warning system or local problem solving
2. Co-ordinate and support electronic public services which are simple, convenient, transparent and sincere to customers including the introduction of the one-stop on-line data service center where data exchange is possible among all sectors
3. Create standards and provide support for such electronic centers
4. Encourage research and development for legislative changes related to information technology and electronic public service

Strategy 7: Public participation

1. Set up rules and guidelines to encourage public organizations to obey the Thai Constitution.
2. Set up guidelines for consultative meetings between organization and the public, customer's need survey and periodic public hearing.
3. Encourage the setting up of Citizen Advisory Board at functioning level (department, province, district).
4. Encourage recruitment of citizen volunteers for public services delivery.
5. Encourage data dissemination via internet to increase citizen access.
6. Set up citizen participation as a good administration indicator.

2.4 Balanced Scorecard (Decharin, 2002)

Balanced scorecard is considered as a management tool because it focuses on strategic implementation by means of measurement. It also ensures organization alignment and focus. (Kaplan and Norton, referred to in Decharin, 2002:18-19)

The Fundamental Concepts of Balanced Scorecard consists of 4 perspectives as follows

1. Financial Perspective
2. Customer Perspective
3. Internal Process Perspective
4. Learning and Growth Process Perspective

Each perspective, then, comprises of

- **Objective:** what the organization aims to achieve under each perspective
- **Measures or Key Performance Indicators:** measurement tools for objective achievement
- **Target:** goal or number which organization aims to reach
- **Initiatives:** plan, project or activity which organization initiate in order to achieve objectives but not yet the action plan

Developmental Process of a Balanced Scorecard

1. Strategic analysis such as the widely known Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis to obtain distinct organizational direction and strategy
2. Indicate vision and mission as organization's strategic themes
3. Analyze and indicate the number of perspectives the organization should have including the inter-relationship among those perspectives.
4. Create a strategic map for the organization by indicating important objectives of each perspective which organization aims to reach to achieve its vision and mission
 - When there are too many objectives under one perspective, manager must prioritize them based on the possibility of objectives fulfillment
 - All objectives under the same perspective must be clearly and logically linked
5. Top management must resume a meeting to confirm and approve the created strategic map

6. For each objective, indicator, current database, goal and initiatives must be indicated. Activity at this stage, thus, includes
 - Indicator(s) development
 - Goal setting based on current data
 - Development of plan(s), project(s) and activities to achieve goal
7. The plan(s) or project(s) can be readily cascaded to lower level managers for the development of action plan(s) and indicators and, later, be cascaded further.

2.5 Advantages of using Balanced Scorecard (Balanced Scorecard and KPIs online, 2003)

- Organization's vision becomes increasingly visible
- Managers of all levels agree and accept the plan, therefore, the whole organization is moving forward as planned
- The plan is the organization's single plan
- Enable appropriate resources and budget allocation for each initiative
- All strategic plans are combined by organization's business plan making them compatible.
- Enable both team and individual evaluation

2.6 Change Management (Yawaprapas, 2003)

Change management is a systematic management technique to ensure that change is occurring in the expected direction and leading to higher cost-effectiveness and efficiency. It adds value to change by combining the 4 essential management elements – “4 Ms” – manpower, money, material and management. According to this theory, management is central to manpower and material recruitment and resource allocation to prepare for change. Planning is, therefore, the heart of change management and will lead the organization to the appropriate path when change does occur.

Change management is viewed as a critical supporting factor for organization to survive in the changing environment. Organization will be prepared to compete or adjust to situation efficiently. Organization, thus, is expected to respond appropriately to the 2 major factors;

1. **External factors** consists of 2 elements: Market and Customers, and Products and Services.
2. **Internal factors** comprises of 4 elements:
 - Policies and business processes, especially those related to core business,
 - Organization structure,
 - New technology, and last but most fundamental,
 - People and culture.

Key factors to change management are

- Good plan for change management
- Active leadership
- Behavioral management of leader(s)
- Clear goal(s) and benefit(s) the organization aims to achieve
- Effective communication and at appropriate frequency
- Effective training
- Development of organization culture to accommodate new environment
- Rewarding system management

2.7 Leader and change management (Yawaprapas, 2003)

Leader's support of changes is an important factor for change management. Organization manager directly influences the new direction of organization's business plan, strategic planning and management style change when necessary.

Change leadership is central to success in change management. The important roles of change leadership are

1. Set direction
2. Solve problem
3. Support change management

Change Vision

Change vision is another important activity organization needs to consider for change management. It is a vision management that will lead an organization to achieve future strategy. This change will also relate to the benefits that an organization will obtain according to change. It is necessary for a manager or other relevant staff to communicate effectively to other staff so that the new goal is accepted.

Organization Design

Another essential activity for all change management is organization design. Confronted with any change, organization needs to adapt to increase efficiency, especially to deal with the impact on manpower. The so-called “design” consists of reporting structure, new role and responsibilities, new skills, performance measurers and other needs for organization in the new environment.

Organization Culture

Corporate culture is critical to ensure that organization achieve goal. It is, thus, important for change management. Culture refers to certain human behaviors that organization needs to obtain in order to reach goal.

Communication

Effective communication is a process of change management and its efficiency relies on clear and complete information flow from manager to staffs or other targets. It also depends on level of understanding of the receivers and communication vehicles. Communication efficiency will undeniably impact values, behaviors and beliefs of the

staffs. Therefore, organization, which is successful in change management, must emphasize effective communication.

In conclusion, efficiency of change management is judged by success insurance that relies on preparedness of organization during the transition period from old to new environment.

2.8 System Evaluation by CIPP Model (Durongdej, 1999)

CIPP model addresses evaluation in terms of 4 elements:

1. **Context:** refers to need, expectation, policy, target population etc. that are essential data for clear goal and objective setting.
2. **Input:** refers to evaluation of resource, strategy and task guideline to assess relationship between action and plan including strengths, weaknesses and options.
3. **Process:** evaluates support, particularly that which reduces mistake(s) and improve working process(es) for higher efficiency.
4. **Product:** assesses goal achievement and generates data for decision(s) to improve, continue or terminate project.

Related Articles and Researches

Rajabhat Institute (2003) has introduced a new administrative process to develop subject program using SWOT analysis to set core strategy and using Balanced Scorecard to transform strategy to action. Systematic evaluation was also employed.

The Technical Department, Ministry of Education (2002) used the CIPP Model to systematically analyze school structure to create “perfect school”. This new type of school was expected to increase educational system quality coupled with equity. It was also hoped to be a model for teaching and learning development in other parts of the country.

Wiriyakitja (2003) assessed strategic management of drug addiction treatment program by using Balanced Scorecard in Rayong Provincial Public Health Office. The results emphasized co-ordination among public sector, private sector and citizen participation to tackle Drugs problem.

Sinthawong (2000) referred to a success formula of organizational management that consisted of self-management, human resource management and work management.

The Department of Lands (2003) has applied the concepts of RBM and Balanced Scorecard to improve service. The nine elements of RBM, which were created and used since 2002, consisted of vision and mission analysis, key success factors indication, key performance indicators, data source, set goal, data collection, data entry and checking, results analysis and reporting.