



ELSEVIER

Contents lists available at [ScienceDirect](#)

Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa



Development of a performance management system in the Thailand public sector: Isomorphism and the role and strategies of institutional entrepreneurs

Prapaipim Sutheewasinnon^a, Zahirul Hoque^{b,*}, Robert Ochoki Nyamori^b

^a Faculty of Management Science, Silpakorn University, Cha-am, Phetchaburi, Thailand

^b Department of Accounting, La Trobe Business School, La Trobe University, Melbourne, VIC 3086, Australia

ARTICLE INFO

Article history:

Received 18 March 2014
Received in revised form 22 May 2015
Accepted 1 June 2015
Available online xxx

Keywords:

Balanced Scorecard
Performance management
Public sector
Thailand

ABSTRACT

This paper analyzes how a 'new' performance management system was developed by the Thailand Government. The data were collected using interviews, archival records and published newspaper articles. These data were analyzed using the lenses of institutional theory, especially agentic institutionalism. We reveal how a performance management system was developed over four stages, with each stage facing different institutional pressures. The study makes two contributions. Firstly, it demonstrates how different phases of development of a performance management system are influenced by different institutional pressures and how these pressures interact to bring about change. Secondly, the study illuminates the discursive and non-discursive strategies used by agents in a highly institutionalized environment in order to develop the system and gain legitimacy for it. The study complements recent interest from neo-institutional theory to understand how agents emerge from their embedded state to contribute to changing institutions.

Crown Copyright © 2015 Published by Elsevier Ltd. All rights reserved.

1. Introduction

This paper is motivated by a need to contribute to the limited studies of performance management systems development in the context of developing countries informed by institutional theory. While significant effort has gone into design of ideal performance management systems (e.g. Broadbent & Laughlin, 2009; Ferreira & Otley, 2009; Kaplan & Norton, 1996), these efforts have largely been outside the context in which these systems could be used. Though considerable work has been conducted to understand how new performance management systems are developed within specific organizational contexts, these efforts have, by and large, not addressed how the new performance systems develop over time in these contexts, the different institutional pressures at play at different times of development, the actors involved in their development and the strategies mobilized by these actors. There are exceptions however, namely, Covaleski, Dirsmith, and Weiss (2013), Jazayeri and Scapens (2008), Modell (2003) and Modell, Jacobs, and Weisel (2007).

Modell et al. (2007), for example, employed a path dependency approach to understand evolution of the management for results approach within the Swedish public sector. Their study illuminates the paradoxes of introducing different

* Corresponding author. Tel.: +61 3 9479 3433; fax: +61 3 9479 3047.

E-mail addresses: prapaipim@ms.su.ac.th (P. Sutheewasinnon), z.hoque@latrobe.edu.au (Z. Hoque), r.nyamori@latrobe.edu.au (R.O. Nyamori).

<http://dx.doi.org/10.1016/j.cpa.2015.06.002>

1045-2354/Crown Copyright © 2015 Published by Elsevier Ltd. All rights reserved.

performance management systems over time, but it does not clearly illuminate the different isomorphic pressures affecting the performance management system's development over time. [Modell et al. \(2007\)](#) identifies various agents involved in developing the different performance management systems, but it does not analyze what strategies these agents use to try and institutionalize these systems. In another study, [Modell \(2003\)](#) analyzed the formation of decoupling between government objectives and the key performance measures developed by university institutions in Sweden over time. His study just like the one before does not analyze the range of strategies employed by actors to change existing institutions nor the isomorphic forces at play during the different stages of the performance management system's development. [Jazayeri and Scapens \(2008\)](#) have analyzed the development of a performance management system over time but not focused on the institutions and agents at the different stages. Thus, the process through which management accounting innovations go through before they become institutionalized in public sector organizations is still not well understood ([Covaleski et al., 2013](#)).

These observed limitations of a limited literature have, however, been well addressed by [Covaleski et al. \(2013\)](#) in their study of welfare reform in the state of Wisconsin in the USA. Their study especially identifies different levels of entrepreneurs and the different strategies that they use over time to change the budgeting system in Wisconsin. They reveal how the different interests employ contesting logics in response to attempts to introduce market logic to welfare provision through competitive tendering and performance contracts and how the actual system implemented is a hybrid of market logic and in-house County level government provision logic. This study however implies that market mechanisms and performance contract systems come already formed and does not attend to how they are shaped and reshaped in the process of changing institutions. Besides the limitations identified above, the above studies have focused on developed countries ([Hopper, Tsamenyi, Uddin, & Wickramasinghe, 2009](#), [Mimba, van Helden, & Tillema, 2007](#); [O'Donnell & Turner, 2005](#); [Šević, 2005](#); [Tillema, Mimba, & van Helden, 2010](#); [Van Helden, Johnsen, & Vakkuri, 2008](#)). This is surprising because as observed by [Brignall and Modell \(2000\)](#), [Olsen, Guthrie, and Humphrey \(1998\)](#) and [Hood \(1995\)](#), the incidence and power of stakeholders and therefore their effect on institutions differs between countries, points in time and parts of public sectors.

Our study complements the above studies by analyzing the development of a new performance management system in a developing country context. It provides an exploratory account of the development of a new performance management system in the Thailand public sector, the Performance Agreement Framework. This framework emphasized the setting of objectives for government agencies, measurement of results obtained against these objectives and financial rewards for achieving these objectives. The Thai Government claimed that this system was modeled on the Balanced Scorecard, with multiple dimensions each with its own objectives and key performance indicators. The Thai Government argued that this system was needed in order to make government activities transparent, efficient and effective.

Our study addresses three specific research questions. Firstly, how was the Performance Agreement Framework adopted and modified within the Thai public sector? Secondly, what were the different isomorphic pressures influencing the Performance Agreement Framework's development at various stages? Thirdly, who were the entrepreneurs involved and what strategies did these actors use to legitimize the system and ensure its acceptance?

We focus on one developing country – Thailand – because its uniqueness compared to the contexts earlier studied might provide useful insights into how institutions change. Thailand has a strong centralized government, an influential traditional monarchy and a highly institutionalized public sector, which provides an opportunity to understand how actors can rise to challenge and change embedded institutions. The status of the much loved King Rama 9 who is also seen as a symbol of good governance in parallel with the Thai bureaucracy provides a unique context for understanding how a new system might be developed. The Thai bureaucracy has in recent years been characterized by instability amid claims of corruption and incompetence. While there is a temptation to assume that strong centralized governments would be able to impose their will, the literature suggests that managers in the public sectors of strong centralized governments might have less leeway in interpreting and influencing government regulations compared to those in the more devolved states such as the USA ([Dobbin, 2009](#)). This situation has led [Covaleski et al. \(2013\)](#) to suggest that instead of placing emphasis on the role of institutional entrepreneurs, managers in strongly centralized governments might instead play a cultural entrepreneurial role in public sector transformation.

Thailand is also unique because like that of other Asian countries, it is a shame-prone culture, which leads to a greater tendency to hide or prevent the disclosure of adverse information ([Velayutham & Perera, 2004](#)). Policy makers were in fact cognisant of the fact that the Thai public sector had different norms from those of the developed countries. [Thanasankit and Corbitt \(2000\)](#) for example argue that, "Thais perceive the role of leader as a controller rather than colleague" (p. 7). Moreover, Thais usually avoid conflict and it is therefore difficult for staff lower in the organization to contradict higher ranked staff ([Kosonboon, 2004](#)).

The remainder of the paper is organized into eight sections as follows. In the next section, we outline our theoretical approach. Section 3 explains the study's research method. The context of the paper and especially the early efforts at reform of the Thai public sector are presented in Section 4. We describe the dynamics associated with the introduction of the new performance management system in Section 5. Section 6 analyses the strategies used by institutional entrepreneurs in the Thai public sector to try and legitimize the Performance Agreement Framework. Section 7 discusses the findings while the final section concludes the paper.

Download English Version:

<https://daneshyari.com/en/article/5106933>

Download Persian Version:

<https://daneshyari.com/article/5106933>

[Daneshyari.com](https://daneshyari.com)