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# The procedure and consequences of performance agreement as a tool of new public management: A case study in the Thai Ministry of Justice

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## ABSTRACT

This research article investigated New Public Management (NPM) approaches that have been implemented to improve Thailand's public sector. The investigation was carried out based on the performance agreement (PA) as a management tool in the Ministry of Justice as a case study. Documentary research and in-depth interviews of three groups were conducted. The target group consisted of: 1) one central administrative officer (Office of the Public Sector Development Commission); 2) 11 middle managers in the Ministry of Justice; and 3) two experts who had been public sector consultants. The results were verified by personnel in the Ministry of Justice who were not included in the target group. The data were analyzed using content analysis. The data analysis revealed that the implementation of the performance agreement was successful in terms of documents but it did not reflect achievement in the goals of line agencies because: 1) the developed indicators in the PA did not correspond to the organization's goals, which was the result of the centralization of authority to determine the assessment framework of the central agency and the lack of participation from line agencies; 2) the PA framework is "one size fit all"; and 3) the tools of PA were not used in accordance with the principles, leading to a decrease in the cooperation in the agency, unfair allocation of incentives, as well as forgery of documents and setting the goals too low in order to guarantee achievement.

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## Introduction

The critique of government centralization during the Cold War as well as bloated and inefficient organizations which are unresponsive to environmental changes has led to a reform based on the Washington Consensus (Baimyrzaeva, 2012). In the early 1990s, the world's reform

direction was called "New Public Management" (NPM) (Pollitt & Bouckaert, 2011).

The formation of Thailand's New Public Management was initiated between 1987 and 2006, from the Sixth National Economic and Social Development Plan (1987–2001) until the Ninth National Economic and Social Development Plan (2002–2006). The emphasis was on shifting the role of the public sector from supervising and assessing to monitoring, as well as on downsizing the public sector. The private sector was hired to accomplish certain tasks and was given greater opportunity to join public enterprises. Haque (2007) stated that result-based

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budgets, service targets, and PA are widely popular management tools in Thailand in NPM approaches.

However, the authors of the current study argue the implementation of PA in improving the Thai public sector has deviated from the principles of improving operations, achieving organizational goals, and improving the organizational performance. Nevertheless, in practice, the intention of PA receives less attention than does the desire to make the organization gain a higher score, which results in distortion of the facts through document forgery to guarantee that the organization will get the desired high score.

## Literature Review

### *New Public Management*

New Public Management (NPM) is a public sector reform agenda that was implemented during the late 1970s–1980s, which was the period when there was chaos in the world's economy. Western welfare states had high management costs but lacked efficiency. Furthermore, neoliberalism played a more prominent role and there was a change in the government's role in the West. During the Cold War, government agencies expanded extensively and were criticized for centralized administration, inefficiency, and unresponsiveness to changing environments. This failure directly resulted from the excessive role of government in public services (Baimyrzaeva, 2012).

NPM is a resistance to the traditional bureaucracy and big government. It emphasizes business approaches where management is a key skill, and the market and incentives are key mechanisms (Pollitt & Bouckaert, 2011). Hood (1991) explained that key characteristics of NPM consist of hand-on professional management in the public sector, explicit standards and measures of performance, greater emphasis on output control, a shift to disaggregation of units in the public sector, a shift to greater competition, and stress on greater discipline and parsimony in resource use. Borins (1995 as cited in Borins, 2002, pp. 181–194), on the other hand, explained that NPM is characterized by: 1) high quality services; 2) measuring and rewarding for the improvement of the organization and individual performance; 3) promoting managerial autonomy, particularly reducing control by central agencies; 4) greater emphasis on performance targets; and 5) open-for-service competition. Haque (2007) proposed that NPM consists of: 1) reduction of the public sector's direct role as a facilitator and implementation of the private sector in service delivery through means such as downsizing, and outsourcing partnerships; 2) restructuring of the public sector with performance contracts as tools; 3) expansion of operational autonomy and flexibility in personnel and financial management through the establishment of autonomous agencies; 4) assessment of public sector performance by results rather than input or process; and 5) reinforcement of customer orientation by giving more customer choices, based on the benefits of customers. In brief, NPM is a reduction of the public sector's roles and allowing the private sector to take over in some service delivery areas with stress on administrative flexibility, target setting, and performance assessment, with fewer rules and regulations.

### *Experience of Implementing Performance Agreement in the Public Sector*

PA is one of the public sector reform developments to promote performance and commitment to achievements. In 1995, the United States of America, England, New Zealand and Australia implemented PA for departmental leaders and top civil service managers with the aim of establishing the individual's commitment to performance and relating personnel performance to the organization's obligations and targets. PA starts from top level management through different hierarchical levels to ensure that the performance targets of all personnel are related to corporate goals (United States General Accounting Office [GAO], 2000).

These main components of the system are the negotiation of PA aiming to promote explicitness of work between personnel performance and achievement of the organization's goals (GAO, 2000 as cited in O'Donnell & Turner, 2005). A common PA is goal setting by developing performance objective which are specific, clear, measurable, and correspond to key jobs and competencies. The acceptance of goal setting to facilitate participation in the negotiation of PA with the involvement of personnel can initiate from discussion between the superior and a subordinate to develop the objectives relating to the organization's goals. James (2004) stated that the procedure of objectively developing and setting PA goals requires negotiation in order to prioritize matters together with line agencies rather than through direction from central agencies. However, O'Donnell and Turner (2005) mentioned the problems emerging from the implementation of PA in the public sector in Vanuatu where there was difficulty in implementation due to the lack of motivation, an unresponsive environment, and lack of trust between employees at different levels. In contrast, the facilitating factors to successful implementation were: 1) promoting explicitness of corporate goals and work objectives; 2) effective communication between executive officers and employees about work objectives; and 3) employee acceptance of the organization's goals.

### *New Public Management Paradigm of Thai Public Sector*

The implementation of NPM in Thailand was not obvious until the Sixth–Ninth National Economic and Social Development Plans, where the public sector's role changed from directing and assessing to monitoring. The private sector was hired to work with public enterprises. In the meantime, the government policy NPM was promoted from General Chatchai Choonhavan's government (1988–1991) until Thaksin Shinawatra's government (2001–2006). Also, all the three Strategic Development Plans, namely the Bureaucracy Reform Model Scheme 1997–2001, the Public Sector Management Plan 1999, and the Thai Bureaucracy Strategic Development Plan 2001–2007, are based on NPM.

The concrete evidence of bureaucratic development based on NPM are the autonomous public organizations according to Thailand's International Public Sector Standard Management System and Outcomes (P.S.O), Result-

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