APO Public-sector Productivity Program Framework and Broad Action Plan

1.0   Background

The government or the public sector creates the policy, infrastructure, and service delivery environment so that the private sector, civil society, NGOs, the citizenry, and international organizations can be more effective partners as engines of growth in the socioeconomic development of a country. The role of the public sector is important in all Asian Productivity Organization (APO) member countries for its direct and indirect contributions to GDP and in terms of business development and employment generation. Likewise, its role is also significant in providing social security and a safety net in many APO member countries. Many national productivity organizations (NPOs) are mandated by their governments to undertake various initiatives to enhance the productivity of this sector, in which they are actively engaged. If we have been concerned over the years with industrial, labor, agricultural, and service-sector productivity, it is high time that we also became concerned with public-sector productivity

What is public-sector productivity?

Improving public sector productivity means producing efficient and effective performances out of limited government resources. In technical terms, it is represented by standardized efficiency (or output per unit resource) X effectiveness (or quality output). Generally, it is about ensuring value for taxpayers' money since public resources largely come from taxes.

Over the years, improvements in public-sector efficiency and effectiveness have been made through increasing worker motivation and skills, strengthening management systems and performance measurement coupled with incentive schemes, reorganizing jobs and work processes, reengineering the bureaucracy, budget reform, service quality improvement, and the application of technology and operational innovations.

The APO's role so far

In view of the growing recognition of the important role of public-sector organizations in national development and competitiveness, the APO and several of its NPOs see the value of introducing time-tested private-sector productivity and quality concepts, approaches, tools, and techniques in the public sector. The APO launched a series of public sector-related projects to address the needs of member countries, especially over the past two to three years. In 2009, a Study Meeting on Public-sector Productivity was held in Seoul, ROK, which discussed the status of the public sector, vision for public-sector modernization, and proposals for a public-sector development agenda. While appreciating the APO's efforts to enhance public sector-productivity, NPO delegates attending the Workshop Meeting of Heads of NPOs in Manila suggested that the

APO identifiy the scope and priority areas for its engagement to produce the optimum results. Therefore, a small expert group meeting was organized at the APO Secretariat, 15–17 February 2010. The experts comprised eight professionals involved in the public sector and two heads of NPOs. The countries represented at the meeting were the Republic of Korea, Malaysia, the Philippines, and Thailand. Experts discussed the framework and methods of APO projects on public-sector productivity and agreed that 1) enhancing the quality of public services, 2) increasing stakeholders' satisfaction, and 3) improving cost-effectiveness, efficiency, and transparency were key critical success factors for improvement. The following productivity tools/approaches where the APO and NPOs already had strong knowledge and expertise were identified as effective for public-sector productivity: knowledge management; lean management; quality award schemes; total quality management; performance management; and benchmarking.

Subsequently, the APO organized several projects covering lean management, knowledge management, and innovation in the public sector to initiate its public-sector productivity drive in member countries and develop a comprehensive understanding of related issues and challenges. In 2010, a Study Meeting on Innovation in Public-sector Service Delivery was held 1–5 November 2010, in Jakarta, Indonesia. Recognizing the importance of providing services to the general public, improvement in public-service delivery was identified as one of the key areas the APO should emphasize, along with lean management and knowledge management. As a follow-up to the Jakarta meeting, a Study Meeting on the Lean Management System in the Public Sector was held 16–19 August 2011, in Bangkok, Thailand. Canadian and Korean models of lean management were presented for discussion along with country papers from participants.

In this process, a need was felt to develop a public-sector productivity program framework that could guide the APO and NPOs in member countries to streamline their activities and adopt a coordinated approach to promote innovation and productivity in the public sector in the short, medium, and long terms.

2.0   Vision of the APO Public-sector Productivity Program

Public-sector organizations, institutions, and professionals in APO member countries should be able to demonstrate productivity enhancement leading to citizen satisfaction and greater public trust, cost-effectiveness, increased accountability in the use of public resources, greater national competitiveness, and a better quality of life.

3.0   Objective of the APO Public-sector Productivity Program Framework

In general, the objective of the APO Public-sector Productivity Program framework is to provide a common understanding among member countries and emphasize key principles that are vital to achieving public-sector productivity and to serve as a reference for the APO and NPOs aiming to improve public-sector performance and the quality of public services.

Specifically, the framework:

1) Identifies major areas of engagement/niche areas for the APO and NPOs;
2) Specifies the major groups where public-sector productivity enhancement activities may be applied; and
3) Indicates the modality and methods of delivery of APO projects on public-sector productivity development.
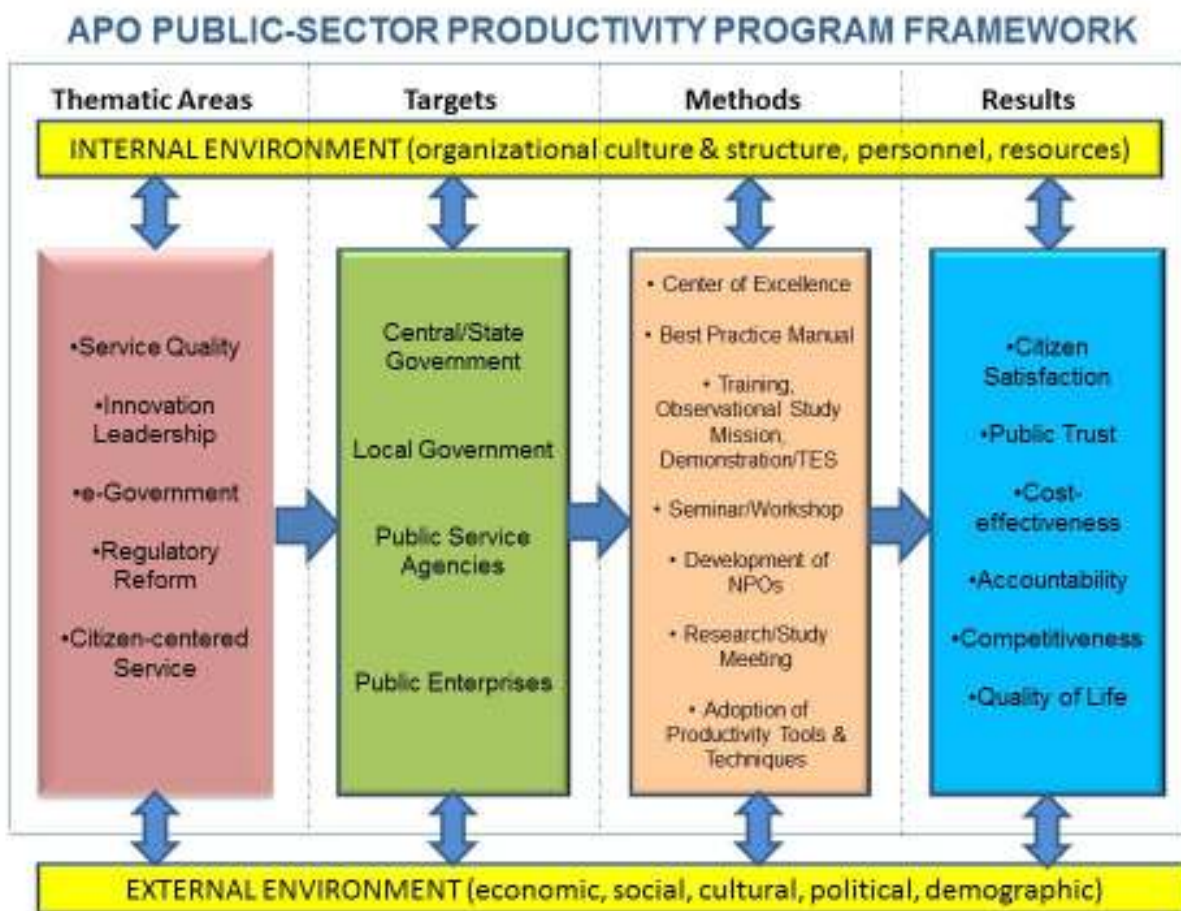
4.0 Scope/Thematic Areas of the APO Public-sector Productivity Program

The APO Public-sector Productivity Program addresses vital elements that APO/NPOs consider the most urgent and relevant to enhance productivity in the sector in the Asia-Pacific region. Five thematic areas have been identified as priority areas for engagement of the APO and NPOs:

1) Service quality;
2) Innovation leadership;
3) e-Government;
4) Regulatory reform; and
5) Citizen-centered services.

To promote, vitalize, and sustain productivity enhancement effectively in the public sector in the above areas, complementary efforts are necessary to strengthen the capacity of NPOs. The public-sector productivity framework also endeavors to look at three levels of capacity development: institutional; organizational; and individual. It focuses on two aspects of public-sector productivity: 1) for the public sector to provide an environment that is conducive to improving quality of life of citizens and productivity of businesses; and 2) improving productivity in the public sector itself.

5.0   The APO's Public-sector Productivity Program Framework

APO PUBLIC-SECTOR PRODUCTIVITY PROGRAM FRAMEWORK

Thematic Areas	Targets	Methods	Results

INTERNAL ENVIRONMENT (organizational culture & structure, personnel, resources)

Thematic Areas	Targets	Methods	Results
•Service Quality •Innovation Leadership •e-Government •Regulatory Reform •Citizen-centered Service	Central/State Government Local Government Public Service Agencies Public Enterprises	• Center of Excellence • Best Practice Manual • Training, Observational Study Mission, Demonstration/TES • Seminar/Workshop • Development of NPOs • Research/Study Meeting • Adoption of Productivity Tools & Techniques	•Citizen Satisfaction •Public Trust •Cost-effectiveness •Accountability •Competitiveness •Quality of Life

EXTERNAL ENVIRONMENT (economic, social, cultural, political, demographic)

Thematic Areas

Service quality focuses on achieving service excellence by continuous incremental improvements in the quality of services offered by public-sector organizations.

Innovation leadership results in the creation of more efficient, effective products and services that are readily available to governments by influencing others in the accomplishment of public tasks.

e-Government focuses on the effective use of information and communication technologies in the operations of public-sector organizations to improve overall productivity.

Regulatory reform refers to helping governments improve regulatory quality by reforming regulations that raise unnecessary obstacles to competition, innovation, and growth, while ensuring that regulations efficiently serve important social objectives.

Citizen-centered service means learning citizens' expectations, measuring service performance, ensuring accountability, and improving the capacity of the public sector.

Targets

Government encompasses central/federal and state/provincial government organizations and local bodies including municipal/city governments. (However, the focus will be on local bodies.)

Public service agencies denote all government-owned agencies that provide services to businesses and citizens.

Public enterprises cover all manufacturing facilities owned by the government.

Methods

One or two **centers of excellence (COE)** on public-sector productivity will be created in the region. The COE will provide services to public-sector organizations to enhance their productivity. Such COEs will be developed in partnership with NPOs and national governments.

A best practice manual will be published as a compendium of best practices in public-sector productivity. It will include success stories and role model examples from the Asia-Pacific and beyond.

Training/Observational Study Mission/Demonstration Company/Technical Expert Service projects will focus on organizing multicountry and in-country training projects for management and workers to teach them productivity tools and techniques, conducting individual and multicountry study missions/tours to observe best practices, commissioning year-long demonstration projects to understand and obtain first-hand experience of practical applications of productivity tools, techniques, and methodologies in public-sector organizations, and assigning experts to interested member countries under the Technical Expert Service (TES) Program.

Seminars/workshops will be organized to disseminate and share public-sector productivity initiatives in the region and develop plans to enhance public-sector productivity.

Development of NPOs will focus on strengthening the institutional capacity of NPOs to enable them to provide technical assistance and advisory services to public-sector organizations to enhance productivity.

Research will attempt to understand the needs of member countries, identify new and innovative ideas for public-sector productivity, and carry out surveys across the region to examine the utility and effectiveness of productivity tools and techniques.

Productivity tools and techniques include all applicable basic and advanced tools and techniques to enhance productivity in an organization including those already utilized in the private sector. These include 5S, kaizen, quality control, ISO management systems,

benchmarking, total quality management, lean management, knowledge management, the balanced scorecard, performance management/measurement, Six Sigma, business/service excellence awards, etc.

Results

Citizen satisfaction is evaluated by the measurement of satisfaction levels of citizens and businesses with government performance in general and with services and regulations in particular.

Public trust involves raising confidence in public-sector institutions and in the processes of governance, participation, and accountability.

Accountability reflects government transparency and reporting to citizens on the performance of government, including accountability for achieving government goals, for public-sector integrity, and for the efficient, effective use of the resources entrusted to it by taxpayers.

Cost-effectiveness focuses on achieving cost-effective operations of public-sector organizations by minimizing expenditure and maximizing services and products offered.

Competitiveness makes the country and its products and services more competitive in international markets.

Quality of life elements make life better for citizens, including the economic, health, security, civic, and social dimensions of their lives.

6.0   Broad Action Items

The short-, medium-, and long-term action items for the APO in accordance with the above framework are as follows:

Short-term Action Items (1–2 years)

There is an immediate need to generate more awareness of and interest in public-sector productivity in member countries as well as to conduct need assessment in the five thematic areas of service quality, innovation leadership, e-government, regulatory reform, and citizen-centered service to strengthen the Public-sector Productivity Program and strategy of the APO. In order to do this, APO member countries will be classified into three categories: category 1, those with relatively advanced forms of public-sector productivity program; category 2, those with some form of public-sector productivity program that is not yet mature; and category 3, those with no public-sector productivity program but are starting to show interest in it.

An important step while promoting public-sector productivity is for the APO to undertake research and adopt a common methodology for public-sector productivity measurement in member countries. In the next one to two years, study missions for policymakers or high-level officials of public-service organizations and NPO heads from categories 2 and 3 to APO member countries in category l will be organized for benchmarking against best practices. Bilateral Cooperation between NPOs missions will be encouraged from category 2 and 3 countries to category 1 countries. For category 1 and 2 countries, study missions on public-sector productivity to nonmember countries will be organized.

Organization of an annual international conference of policymakers on public-sector productivity will be started where experts from non-APO member countries as well as category 1 countries will be invited to share their experience, especially with category 2 and 3 countries. This conference will also provide an opportunity for discussions among member countries on critical and emerging public-sector productivity issues.

The APO will set up a Public-sector Productivity Resource Center with customized training materials, case studies, self-assessment and productivity improvement guides, innovation guidelines, and other supporting materials including a resource book on innovation and productivity concepts and approaches applicable in the public sector which will be developed keeping in mind the specific needs of public-sector organizations in member countries.

The APO will develop productivity promoters, trainers, and specialists on public-sector productivity in NPOs. Along with capacity-building activities, the application of productivity tools will be supported by setting up demonstration projects to develop model agencies, e.g., a frontline service delivery agency or local government unit in any of the five thematic areas relevant to member countries.

NPOs in categories 2 and 3 will be encouraged to utilize TES from APO member countries in category 1; similarly category 1 countries will be encouraged to invite experts from nonmember countries. The APO will strengthen NPOs and other related stakeholders to create a pool of public-sector productivity professionals through capacity building programs for the NPOs.

Medium-term Action Items (3–5 years):

To help institutionalize programs for the public sector, the APO will regularly organize capacity-building projects on service quality, innovation leadership, e-government, regulatory reform, and citizen-centered services specifically for public-sector organizations. In these programs, the materials developed will be used and tested. These training courses/workshops/seminars will be organized at two levels: multicountry and individual country.

The APO will develop metrics for public-sector productivity with the help of NPOs and assist NPOs in establishing systems for measuring and monitoring productivity performance in the public sector, including setting up a common database for benchmarking against member countries. The APO will initiate internal benchmarking studies among local government units and public service delivery agencies in member countries. This will be followed by international benchmarking against countries with more advanced approaches, e.g., innovation leadership, e-government, regulatory reform, and citizen-centered service.

The APO will provide a virtual venue to support/maintain communities of practice through the development of a dedicated web-based knowledge portal on public-sector productivity, interactions and interfacing on best practices, events, and programs to promote public-sector innovation and productivity. In addition, it will develop an innovation and productivity toolkit for public-sector leaders and managers. Partnerships with other organizations will be explored to help member countries address systemic issues to support efforts to build their productivity and innovation capacity. The APO will establish COE on public-sector productivity and in conjunction with the COE, the APO will initiate regional public-sector productivity awards.

Long-term Action Items

The COE on the public sector will be strengthened and expanded. Comprehensive research will be undertaken on baseline data for a better understanding and sharing of best practices in public-sector productivity improvement. Identifying and updating content and experiences from different countries via suitable platforms can be of continuing benefit for all APO member countries.

Global benchmarking research will be conducted on the need for public-sector innovation and productivity in member countries and appropriate assistance will be determined. Detailed surveys will be conducted to develop an approach for each member country and assist in formulating public-sector innovation strategies for enhanced productivity and competitiveness.

Exchanges of information on public-sector innovation and productivity will be facilitated among members through targeted publications and other avenues. The APO will continue to organize an annual international conference on public-sector innovation periodically. Such conferences will help the APO and NPOs stay abreast of emerging needs and new productivity tools applicable in this sector.

Annexure: Public-sector Productivity and Service Improvement Methodology

The approach to productivity enhancement is directly linked to improving public services. It is based on the public-sector value chain and cycle and utilizes productivity and quality improvement tools already developed and utilized by the APO in other sectors. This methodology consists of 10 major steps. The sequence of the steps and the need for each step will depend on existing practices followed by the public-sector organization embarking upon a productivity/service improvement initiative. If the organization has recently undertaken one or more of the steps, even if not in the sequence given below, there may be no need to repeat it.

A preliminary step for every organization utilizing this guide will be to ensure that a senior executive is assigned the responsibility to provide leadership to the entire productivity/service improvement initiative. Ideally, this would be the chief executive, chief operating officer, chief secretary, or deputy secretary of the organization.

Productivity/Service Improvement Steps

Step 1	Current State Analysis
Task 1	Form an analysis team
Task 2	Identify a facilitator
Task 3	Undertake SWOT analysis
Task 4	Undertake an environmental scan
Task 5	Communicate purpose of initiative to staff
Step 2	**Review Purpose of the Organization**
Task 1	Review the mandate, purposes, and high-level outcomes of the organization with the senior management team
Task 2	Determine desired future state
Task 3	Review, confirm, or modify the vision/mission statement
Task 4	Verify desired vision/mission, purpose, mandate, and outcomes with government stakeholders
Task 5	Test vision/mission with staff
Task 6	

Step 3	Develop Strategic Plan
Task 1	Analyze gap between current state and desired state
Task 2	Develop strategies to make transition
Task 3	Prepare a revised strategic plan
Task 5	Obtain necessary approvals for the strategic plan
Task 6	Communicate plan to staff
Step 4	Conduct Core Business Review
Task 1	Appoint a facilitator
Task 2	Communicate purpose of review to management and staff
Task 3	Review all business lines (internal and external)
Task 4	Determine which lines are noncore and their disposition
Task 5	Review responsibility for core and noncore business
Task 6	Prepare an action plan for core and noncore businesses
Step 5	Client-Customer Service Analysis
Task 1	Review existing customer/client service feedback
Task 2	If not current, obtain and analyze new customer/client feedback
Task 3	Identify priority improvements
Step 6	Employee Engagement
Task 1	Review any existing data on staff perspectives on organization
Task 2	If insufficient, collect and analyze new staff feedback
Task 3	Identify priority improvements
Step 7	Productivity-Service Improvement Plan
Task 1	Create a productivity-service implementation team
Task 2	Identify a priority list of service areas and productivity tools/techniques to be used

Task 3	Develop an action plan and schedule to enhance productivity in priority areas
Task 4	Assign responsibility for action plan initiatives
Task 5	Establish milestones
Task 6	Identify resources necessary to implement plan
Task 7	Brief public-sector stakeholder agencies on plan
Step 8	**Implementation**
Task 1	Develop and implement a monitoring mechanism
Task 2	Review progress on a regular basis
Task 3	Adjust plan as required
Task 4	Communicate with staff and management on an ongoing basis
Step 9	**Prepare a project report**
Task 1	Prepare a summary of actions taken and results
Task 2	Conduct a "lessons learned" exercise
Task 3	Brief government stakeholders, management, and staff on initiative
Step 10	**Continuous Improvement**
Task 1	Create a team to oversee future productivity-service improvements
Task 2	Take steps to embed new initiatives in the culture
Task 3	Identify additional services or service areas for improvement

Note: The above methodology was developed and tested in the demonstration project in Sri Lanka.