

Organizational Reform in the Sri Lankan Public Sector: Developing a Process Re-engineering Framework

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Abstract

The extent to which 'reforms' could be introduced within the Public Sector through Government Process Re-engineering initiatives would depend on the effectiveness of the re-designed processes of the organization. This paper discusses a Process Re-engineering Framework for Public Sector organizations in Sri Lanka – based on the primary pillars of re-engineering, namely, fundamental re-thinking, radical re-design and processes. The problem in focus is formulated as "How can reforms be effectively enacted in the Sri Lankan Public Sector?" The scope of the paper is confined to Re-Gov that involves re-designing the processes anew and ensuring the appropriate technology is utilized while preparing the employees to adapt to the new processes and adopt the new technologies. The paper highlights that starting from a 'clean sheet' is both possible and practical within the Sri Lankan context. It uses a Department of Pensions case study to justify the appropriateness of the proposed approach.

Key terms: Business Process Re-engineering (BPR), Government Process Re-engineering (GPR), Process Re-design, Process Re-engineering Framework (PRF), Organizational Reform, Public Sector Reform

Introduction

Business Process Re-engineering (BPR) is a business model introduced in the early 1990's by Michael Hammer to achieve dramatic improvements in all areas of the

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business at a time corporate America was experiencing a crisis which was driving many organizations out of business. The same principles of BPR are now being adapted into transforming government organizations – which is commonly known as Government Process Re-engineering (GPR).

The problem this paper endeavours to address was well articulated by the Secretary to the Sri Lankan President, when he addressed the newly appointed Chief Innovation Officers (CIOs) of the public sector. He said, "Government sector re-engineering is needed in Sri Lanka in order to make the 'government sector relevant' ". He further amplified this by saying that there is a growing public opinion that the government sector is increasingly becoming irrelevant because of the chronic inefficiency, ineffectiveness, wastage and apathy associated with it.

Problem in Focus

Organization Reform within the context of Government (and more specifically in Sri Lanka) in essence addresses two distinct aspects of the organization, namely, mission and operations.

Mission: What is expected from the organization?

Operations: How does the organization achieve its mission?

While there could be much debate as to the appropriateness of the mission assigned to each organization, this paper will limit its discussion to the second aspect of organizational reform - operations. Hence, the problem is formulated as "**How can reforms be effectively enacted in the Sri Lankan Public Sector?**"

Research Question

Based on the above problem the following research question can be raised:

How can Fundamental Re-thinking and Radical Re-design impact the efficiency and effectiveness of its operations within public sector organizations.

Scope of the Research

A complete organizational reform initiative will consist of three distinct phases:

1. Selection Phase (deciding which government organization(s) should be re-engineered)
2. Process Re-engineering (or Re-design) Phase
3. Implementation Phase

This paper focuses on the 'Process Re-engineering' (or 'Re-design') phase of a larger organizational reform initiative. The success or failure of the Process Re-engineering phase will determine the opportunity for success or failure of the overall 'reform' initiative (Heeks, 2003).

The success or failure of this 'Process Re-engineering' Phase is determined by (a) the level of collective acceptance of the re-engineered processes by senior management of the organization and (b) the level of ownership of senior management towards implementing the re-engineered processes.

It should be noted that there is a clear difference between Government-related Re-engineering or 'Re-Gov' (which involves the transformation of the way activities are performed) and e-Government or 'e-Gov' (the introduction of Information and Communication Technology to the organization, while maintaining the existing structures and activities).

Hence the scope of the paper is confined to Re-Gov, which involves re-designing the processes anew and ensuring the appropriate technology is utilized, while preparing the employees to adapt to the new processes and adopt the technologies.

A Glimpse of Relevant Literature

The review of the literature for this paper concentrates on three specific areas: Public Sector Organizational Reform, Business Process Re-engineering (BPR) Methodologies and Government Process Re-engineering.

Public Sector Organizational Reforms

The literature on public sector organizational reform indicates that since the beginning of the 1970s the potential for policy reform in the area of Public Management increased, as economies suffered stagnation and public perceptions of bureaucracy became more and more negative (Brazelay, 2001). Developed countries took the lead in public sector reforms when Margaret Thatcher made the culture, size, cost and operations of the British Civil Service a policy issue while her successor John Major brought into law the Government Performance and Results Act (Brazelay, 2001). The United States under the Clinton Administration initiated the Government Performance & Reform Act in 1993, which required government agencies to transform themselves into more efficient, high quality, customer focused service providers. This call for reform continued up to the latest Healthcare Reforms introduced by the Obama Administration (Sims, 2010). Operational improvements resulting from such reforms in US government agencies have resulted in savings of USD 108 billion for the period 1995 – 1999 (Sims, 2010).

Ayeni (2001) has stated "Government is now seen as a public business, profitable where possible, explicitly cost conscious where civil servants have been transformed to managers, citizens have become customers or clients with, at least in theory, consumer rights" citing *Public Sector Reform* by Ian Scott and Ian Thynne. Important implication of this is that the older and more familiar concepts of Administrative Reform are proving to be inadequate in the face of recent developments (Ayeni, 2001).

Turner and Hulme (1997) have rightly suggested in their book *Governance, Administration and Development* that 'reform' ultimately conveys a number of common elements. These include:

- Deliberate planned change,
- Innovation and Improvement
- Need to cope with uncertainty and rapid change
- Heavy technical content but inherently political
- Target at specific institutional issues or system-wide change
- Means to an end; not an end in itself.
- Involves a combination of strategies and approaches

Improved 'quality of life' for society should be the aim of any public sector 'reforms' undertaken (Ayeni, 2001).

Edmonds and Tsui (2006) in their book *Taiwan's Defence Reform* identify the following three primary areas of change that should be addressed in reforming the Taiwan Defence Force:

1. Technical Change
2. Doctrinal (a set of beliefs held by a group) Change
3. Organizational (processes and structures) Change

The cornerstone for any organizational reform should include these three areas. Therefore, a process re-engineering framework aimed at organizational reform should encompass the three areas of change identified above.

Without a clear and pervasive rationale neither the purpose of 'reform' nor its objective will be evident (Edmonds and Tsui, 2006). The purpose will dictate what should be reformed, and keeping the reform efforts focused towards the purpose will always be a challenge. As they further state, "The planners prefer not to use the term 'reform' to anything and everything, as it will lose its meaning."

It is also important to understand that 'reform' could mean extensive and far-reaching or limited and focused. It could be revolutionary or evolutionary, radical or

conventional, paradigm shifting or incremental or somewhere in between. It may require leaping ahead (without knowing where you are leaping) or looking before you leap or even crawling ahead. 'Reform' need not always suggest a revolution. However, 'reform' requires something more than a routine change (Edmonds and Tsui, 2006).

Business Process Re-engineering

The literature available on this subject is quite vast. Based on the scope of this paper, more emphasis will be paid to cover Process Re-engineering Frameworks.

Business Process Re-engineering (BPR) is defined as "the *fundamental* rethinking and *radical* redesign of business processes to achieve *dramatic* improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed" (Hammer & Champy, 1993).

Hammer and Champy (1993), being pioneers of BPR, proposed the following principles to be followed in undertaking a re-engineering project:

1. Organize work around outcomes, not tasks,
2. Identify all the processes in an organization and prioritize them in order of redesign urgency,
3. Integrate information processing work into the real work that produces information,
4. Treat geographically dispersed resources as though they were centralized,
5. Link parallel activities in the workflow instead of just integrating their results,
6. Put the decision point where the work is performed, and build control into the process,
7. Capture information once and at the source.

The term "re-engineering" has always meant different things to different people (Margolis, 1992 as cited by Baudreau & Robey, 1996: pp 42). Based on a study of organizations which undertook re-engineering, it is observed that "... none of those studied could be described as following Hammer's approach, in more than the loosest sense. [re-engineering] is a rather free floating concept widely felt to be important but which nobody can quite define...." (Jones, 1992, as cited by Baudreau & Robey, 1996: pp 42). It is evident that such diversity among the practitioners was due to the fact the original authors did not define a clear and concrete methodology for re-engineering but instead vague options were presented for the practitioner to decide on the most appropriate option.

Davenport and Short (1990) in their paper '*The New Industrial Engineering: Information Technology and Business Process Re-design*' stated that most of the organizations

that were successful in re-engineering were following most of the steps identified below:

Step 1 – Develop a business vision and process objectives: BPR is driven by a business vision that implies specific business objectives such as cost reduction, time reduction, output quality improvement.

Step 2 – Identify the processes to be redesigned: Most firms use a high-impact approach that focuses on the most important processes or those that conflict most with the business vision. Not many firms use an exhaustive approach that attempts to identify all the processes within an organization and then prioritize them in order of redesign urgency.

Step 3 – Understand and measure the existing processes: Avoid repeating old mistakes and provide a baseline for future improvements.

Step 4 – Identify IT levers: Awareness of IT capabilities can and should influence process design.

Step 5 – Design and build a prototype of the new process: The actual design should not be viewed as the end of the BPR process. Rather, it should be viewed as a prototype, with successive iterations. Prototypes help produce quick delivery of results when projects are implemented, improving performance and customer satisfaction.

Subsequent practitioners and experts tried to propose a generic methodology for re-engineering. Muthu *et al* (1999) considered five different variant methodologies for organizational reform using BPR, based on previous studies, Underdown, 1997; Harrison & Pratt, 1993; Furey, 1993; Mayer & Dewitte, 1998; Manganelli & Klein, 1994 as cited by Muth et al, 1999: pp 3.

The generic methodology frameworks proposed by the above authors are identified in Table 1 below:

Table 1: Generic Organizational Reform Methodologies

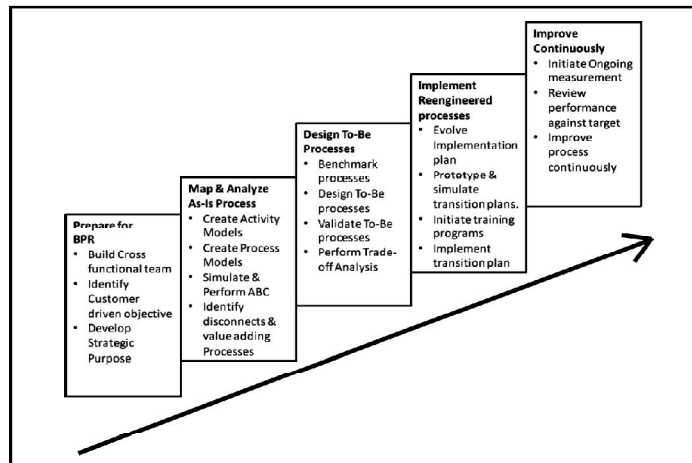
Activity	Methodology				
	Underdown (1997)	Harrison & Pratt (1993)	Furey (1993)	Mayer & Dewitte (1998)	Manganelli & Klein (1994)
1	Develop vision & strategy	Determine Customer Requirements & Goals for the Process	Set Direction	Motivating Reengineering	Preparation
2	Create desired culture	Map and Measure the Existing Process	Baseline and Benchmark	Justifying Reengineering	Identification

3	Integrate & Improve enterprise	Analyze and Modify Existing Process	Create the Vision	Planning Reengineering	Vision
4	Develop technology solutions	Design a Reengineered Process:	Launch Problem Solving Projects	Setting up for Reengineering	Technical & Social design
5		Implement the Reengineered Process	Design Improvements	As Is Description & Analysis	Transformation
6			Implement Change	To-Be Design and Validation	
7			Embed Continuous Improvement	Implementation	

Source: Authors' compilation

The above table indicates both the variety and diversity of different approaches. The key challenge was to identify the best suited for a particular re-engineering project. Muthu *et al* (1999) proposed the 'Consolidated Methodology' for undertaking organizational reform using Business Process Re-engineering. This is depicted in Figure 1.

Figure 1: Consolidated Methodology for BPR



Source: Muthu *et al* (1999: 3)

It is worthwhile investigating the appropriateness of the above to the public sector in Sri Lanka.

Government Process Re-engineering (GPR)

The National Academy of Public Administration (1995) has defined GPR as follows:

“Government business process re-engineering is a radical improvement approach that critically examines, rethinks, and redesigns mission product and service processes within a political environment. It achieves dramatic mission performance gains from multiple customer and stakeholder perspectives. It is a key part of a process management approach for optimal performance that continually evaluates, adjusts or removes processes.”

In this paper an alternative definition of GPR is proposed to bring into focus the principles outlined by the proponents of BPR within the context of the public sector. The alternative definition is as follows:

“Government Process Reengineering (GPR) is the **Fundamental Re-thinking** and **Radical Re-design** of **Government Processes** to deliver **dramatic** improvements in quality of service, timely delivery at lower cost structures, while ensuring that the needs and aspirations of every citizen for National Development, Transparency, Equality and Safety are achieved.”

This definition highlights the larger responsibility of government towards its citizen while recognizing the need for reform within public sector organizations. Therefore, GPR, while addressing the specific needs of a customer has also the responsibility of designing the processes considering the needs of the citizen and society at large.

Need of a Framework for GPR

It is interesting to see that the methodologies discussed above are either silent or vague in respect of a specific framework. Where a specific framework has been proposed the design has moved away from the original concept of ‘fundamental rethinking’ using a ‘clean sheet’ and moved towards the concept of ‘improvement’ using the ‘as is’ and ‘to be’ models. The early failures in re-engineering would have contributed to moving away from the original concept of reengineering proposed by Hammer and Champy (1993).

In addition, it is claimed that popular management literature has created more myth than practical methodology for reengineering processes and organizations (Malhotra, 1998). Referring to *‘The Myth of the Clean Slate’*, he states, regardless of Hammer’s (1990) exhortation: “Don’t automate, obliterate!” clean slate change is rarely found in practice. This he claims usually requires a “blank check” for implementation (Malhotra, 1998).

Even in government, re-engineering efforts in recent years have focused considerably on measuring the core processes that are already in place but they fail to question which core processes are the right ones to serve the stakeholders (Sims, 2010). It is stated that Public Sector Managers and executives in the United States are often bound by the legislation or to traditional methods and processes they would rather discard (Sims, 2010). This is true in the case of the Sri Lankan public sector as well.

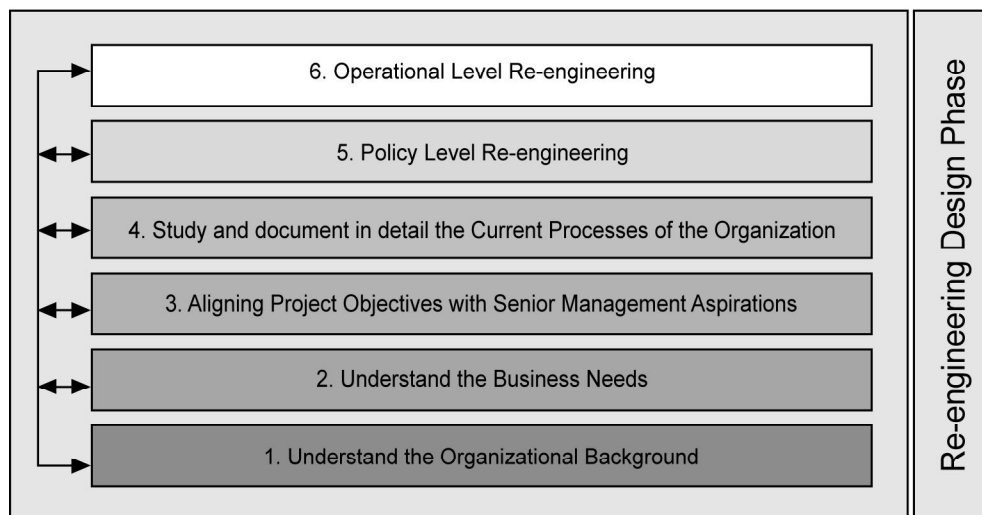
Another area of concern with regard to public sector re-engineering projects is the lengthy periods of data exploration, where every twist and turn of the process is documented. Obviously, the outcome is confusing and domain experts need to be called in to explain the process. Once again, from this point it is almost impossible to move towards a clean sheet approach as personal interests in the process begin to surface (Sims, 2010).

Proposed Framework for GPR

In such a backdrop, the authors propose a framework for re-engineering government processes in Sri Lanka in keeping with the GPR definition proposed by the authors above and recognizing the necessity for the 'clean sheet' concept proposed by the original authors of re-engineering. The framework has been tested in many government organizations in Sri Lanka and the implementation of the framework in the Department of Pensions GPR initiative will be discussed in this paper.

The proposed process re-engineering framework as shown in Figure 2 consists of six distinct steps. The steps should be followed in the specific order defined.

Figure 2: Proposed Framework for GPR



Source: Authors' concept

It is important to discuss the details of the above framework with specific emphasis on how to use it. The objective, activity and expected outcome with regard to each of the above six steps can be stated briefly as in Table 2.

Table 2. Details of GPRF

Stage	Objective	Activity	Expected Outcome
1- Understand Organizational Background	GPR facilitators to obtain a high level knowledge of the culture, structure and operations of the organization	This is achieved through detailed discussions with senior officers and those who have served the organization for a long period of time. These discussions may be 1:1 or group discussions. A document study related to the organization is also undertaken.	Good understanding of the legal enactments and regulations that govern the operations of the organization, the mission, its inception and evolution to its current state, the customers and their needs, major players within the administration and their inter-relationships, attitude to change, past change experiences, communication and decision making culture, reward systems and motivation and possible bottlenecks for re-engineering.
2- Understand Organizational Needs in detail	To place the re-engineering effort on a firm foundation where the 'organizational needs' are founded upon actual customer requirements instead of internal needs of the organization. The underlying rationale for a GPR initiative should always be the external customer and the Citizen.	The GPR facilitators and senior management should identify the different types of customers and their respective needs through interviews and surveys. In addition the broader needs of the Citizen in relation to national development, equality, transparency and safety should also be identified. The investigation should be extended to other external stakeholders to provide a comprehensive view of the organizational needs.	A clear understanding of the organizational needs, customer expectations and issues faced by the customer. The finalized scope of the project with clear boundaries that is neither too narrow nor too broad and ambitious

<p>3- Aligning Project Objectives with Senior Management Aspirations</p>	<p>The need to introduce this activity within the GPR process is to ensure the objectives of the Project and the aspirations of the senior management are aligned. Since the status quo created by senior management needs challenging - to re-engineer, the senior management must feel that they were involved in the decision to challenge the status quo they created.</p>	<p>At this stage the scope of the project and the organizational needs are discussed with the senior management to ensure it is in keeping with their expectations. This activity should also ensure the buy-in of the senior management towards the GPR project, especially considering the bureaucratic nature of the Public Sector.</p>	<p>A group of Senior Managers who have a clear understanding of the GPR process, the organizational needs to be addressed, the scope of the project and willing to support the initiative.</p>
<p>4- Study in Detail and Document the Current Processes</p>	<p>This activity within the design process of the GPR initiative is to clearly understand the activities performed by the organization at a detail level. At this stage all documents used and the interpretation of the laws & regulations governing the processes are also identified. Although the process is studied in details - spending great deal of time should be avoided.</p>	<p>The GPR facilitators are required to understand the existing operations in detail and ensure all relevant information is extracted. If required the GPR facilitators could document the process to improve their understanding of the operations. Note: Too much emphasis should not be placed on documentation at this stage.</p> <p>Information relating to a Base Line Surveys should also be captured at this stage based on documentary evidence and/or customer surveys that are conducted. Problems & issues faced by the staff are also identified and documented by the GPR facilitators.</p>	<p>The GPR Team develops an in-depth understanding of the operations, problems, issues faced by the organization. A clear set of performance indicators should also be identified at this stage.</p>

5- Policy Level Re-engineering	'Policy Level Re-engineering' is carried out to involve a broad cross-section of employees from all functional areas including representing from management and non-management to collectively define the future direction of the organizational processes at a high level.	Validating the vision & mission of the organization, validate the customer categories and their needs, define the cross functional core processes of the organization for the organization, Agree upon the critical success factors (CSF) for each core process and define the high level process flow for each core process starting with a 'Clean Sheet'. The GPR facilitators should ensure the team has adequate knowledge to document these core processes at a high level.	A clear set of cross functional core processes with identified objectives, boundaries, stretch goals, together with a high level flow of the core process - collectively designed by the management and non-management of the organization.
6- Operational Level Re-engineering	The objective of the Operational Level Re-engineering within the design phase is for a selected cross-functional team to design the process in detail based on the guidelines identified at the Policy Level Re-engineering activity	A team of cross-functional employees led by the Process Owner together with the GPR facilitators will design the new re-engineered process. At this stage all current knowledge of the process, best practices and the effective use of ICT within the process should be envisioned and given due emphasis. Every activity in the process has to be agreed by all members of the team. During this activity the new formats should be developed and finalized. Policy and legal issues should be resolved in consultation with the Head of the Organization.	A GPR Report incorporating the detailed re-engineered core cross functional processes of the organization. This report will be used for designing the Systems Requirement Specifications (SRS), identify hardware requirements, designing office layout, defining the new roles & responsibility of the employees, identify training needs of the organization and to design the new process oriented organizational structures.

Source: Authors' compilation

It will be interesting to see how the above framework has been used in Sri Lanka. Department of Pensions will be discussed in this respect.

Application of GPRF to the Department of Pensions

The Department of Pensions undertook a re-engineering initiative with the support of the Information and Communication Agency (ICTA) of Sri Lanka in 2006. This probably is one of the first re-engineering initiatives within the Public Sector undertaken in the country in keeping with the definition of GPR defined in this paper. The following case study highlights the applicability of the proposed framework within the context of the Department of Pensions (DP).

Background to Department of Pensions in relation to the GPR Initiative

Prior to initiating the project a Project Steering Committee (PSC) headed by the Secretary to the Ministry of Public Administration and Home Affairs and officers from the Department of Pensions, the Ministry and ICTA was constituted. The responsibility for the overall implementation of the project was assigned to this PSC.

The initial meeting to kick-off the project was held at the DP where the senior officers of the DP, were present. The senior officers were sceptical of the initiative since similar exercises had been conducted by international institutions to improve the efficiency of the DP, but the reports containing the recommendations were gathering dust somewhere in the department – not known to many. The officers went on to express their opinion that the new initiative would probably face the same fate.

At the meeting, the Director of Pensions appointed a young officer of the management staff – knowledgeable about ICT as the Project Coordinator. He was an officer of the Sri Lanka Administrative Service (SLAS). As time went on this officer found it difficult to command the respect of the other senior officers of the department – especially those attached to the Sri Lanka Accounting Service (SLAcS).

The Director of Pensions had already initiated many change programs where the layout of the building was being changed. Under his leadership, DP had developed a vision which stated 'Bring forth an economically and socially satisfied retired community' and the mission of the department was identified as 'Actively contribute to uplift and maintain the retired life of officers who served the public service with dedication by providing their retirement benefits at the end of their services in an efficient and timely manner'.

Initiating the GPR Project

The GPR facilitator initiated the assignment with a one-to-one interview with the Director of Pensions. At this initial discussion matters ranging from the vision of

the department to issues faced to expectations of the Director were discussed in detail. The internal conflicts and informal communication channels were also addressed at the discussion. The external stakeholders of this project as well as the boundary to the project were discussed and agreed.

The issues highlighted by the Director of Pensions and those enumerated in the Terms of Reference (TOR) clearly indicated that the magnitude of change required for the DP was quite significant.

Following the discussion with the Director of Pensions, the GPR facilitator had a detailed discussion with the Project Coordinator to understand the general aspirations of the DP – special emphasis was placed on the attitudes of the senior officers towards the project. A detailed programme was prepared to speak to the other senior officers of the department.

Interviews with Other Senior Managers of the Department

The next stage of the assignment required the GPR facilitator to conduct one-to-one discussions with all senior managers. The aspirations, issues and their perceptions of levels of customer satisfaction were discussed at length. In addition, the internal conflicts within the different divisions and officers in the department that affected the performance were also discussed.

Based on these discussions, the GPR facilitator identified the DP as actually functioning as five different organizations that were housed within a single building with the Director of Pensions as the administrative head of these different organizations. The organizations identified were as follows:

1. W & O P Fund (Widows and Orphans Fund)
2. PSPF Fund (Public Service Provident Fund)
3. Civil Pensions Division
4. Forces Pension Division
5. Widows and Orphans Fund for Local Government Officers

The discussions also revealed that the department made monthly payments to approximately 500,000 retired officers or their dependents amounting to over Rs. 3,000 million. These monies were being paid to the beneficiaries through the Divisional Secretariats.

A computer system that had been developed under the direction of the Chief Accountant of the PD had been deployed at the Divisional Secretariats (DS) to compute the monthly liability, and inform the Department. Based on the figures provided by the DS, the DP would make allocations to each DS through the District Secretariat.

While some discussions between the GPR facilitator and the senior management were very cordial, there were others that were hostile. Most of the time the discussions became hostile when the GPR facilitator began to ask probing questions in areas where the specific officer was considered an authority by his colleagues and indispensable due to the domain specific knowledge he had gained through his experience.

Defining the Core Cross Functional Processes

At this stage, the GPR facilitator created a framework of the core cross functional processes that would be applicable to the department. These processes crossed the currently existing functional boundaries and the earlier identified organizational boundaries. The rough processes identified at this stage were as follows:

- A. Registration of Applications
- B. Management of Contributor Collections
- C. Gratuity and Other Payments
- D. Making Regular Payments

Deeper understanding of the Business Needs of the Organization

In order to better understand the business needs from an external perspective, the GPR facilitator undertook individual and group interviews with many external stakeholders who included officers processing pensions at the Government Organizations (GO), officers handling the subject of pensions at the DS, pensioners and their relatives visiting the PD, Banks, Post Offices and representatives of associations representing pensioners.

During this phase, the GPR facilitator gained knowledge of the operations at the DP from an external perspective, and better understood the needs of the customers. The need for two additional processes was identified as:

- E. Query Management
- F. Document Management

Validation of the Findings with Senior Management

The findings of the GPR facilitator were shared with the Director of Pensions. This was once again a one-to-one discussion with the Project Coordinator in attendance. At this discussion, the Core Cross Functional Processes were validated with the objective and boundaries and how they would map to the current activities. Based on the questions and concerns expressed by the Director of Pensions, the GPR facilitator refined the framework of the core cross functional processes.

The GPR facilitator also explained the areas that will not be covered within the scope of the assignment together with the reasons for excluding those areas to the Director of Pensions and obtained his concurrence. The necessity for a high level Policy Re-engineering workshop to discuss these matters with a broader group was explained, and the approval of the Director of Pensions was obtained.

Detailed Study of the Operations at PD

The GPR facilitator thereafter undertook a detailed study of the activities carried out at the DP. This study was extended to every division of the DP, and required following each type of application and inspecting the corresponding documents. Reasons for the delays, problems in obtaining accurate information, the flow of information and documents, decision making criteria and points of interaction between divisions together with the tacit knowledge utilized within the activity (if any) were identified. Following this detailed study, the GPR facilitator once again met the Director of Pensions and confirmed that he was ready to conduct the Policy Re-engineering workshop for the officers, and explained the structure of the workshop and also collectively decided on the participants who should attend the workshop together with the dates for it.

Policy Re-engineering Workshop (Day 1)

The first session concentrated on the general objectives and principles of re-engineering, which was conducted by the GPR facilitator. In this part of the program following the self introduction, the GPR facilitator explained the necessity to treat citizens entering the Department as 'customers', and to understand their needs. As soon as the word 'customer' was used, there was much agitation and objections that the government service was being brought down to the level of a business organization. They preferred the word 'service receiver' or '*sewalabhiya*' (in Sinhala). The GPR facilitator explained the difference between the two words, i.e., the 'customer' had rights while the 'service receiver' did not have such rights. Therefore, despite the opposition the facilitator concluded that he would prefer to use the word 'customer'. This discussion created tension between the GPR facilitator and some of the participants.

The next part of the program concentrated on the necessity to change. At this stage, one of the former Directors of Pensions (who was invited despite the opposition of the GPR facilitator) began to explain the changes that she had made while she was the Director of Pensions. She went on to say that the department had changed adequately and did not need further change. The other officers of the department who were feeling threatened by the proposed change, began to support their former Director. At this stage, the GPR facilitator confronted this former Director of Pensions and placed on record the facts that had been gathered during the study of the documents which indicated some very disturbing results:

1. Over 60% of applications received by the Department are being returned.
2. More than 50% of the applications have questions to which the applicants have to respond with 'Not applicable'.
3. On an average the time taken to process a pension application was over six months.

This led to a heated discussion between the GPR facilitator and the former Director,, who tried to justify the situation by saying that the reason for this had nothing to do with the Department of Pensions but it was because the relevant government department did not provide accurate information. The GPR facilitator had to explain that the service is being provided by the Department of Pensions and, therefore, they must be responsible for the delay. This position was finally accepted.

Thereafter, the team was trained to view the organization from a process perspective rather than from the current view of structures, responsibilities and activities which are more functional.

The principle of process re-engineering - 'Fundamental Re-thinking' and 'Radical Redesign'- was introduced to the participants and its relevance and importance to improve the performance of the organization were explained through practical examples.

Thereafter, the team was introduced to the six core processes of the Department already identified by the GPR Facilitator, and agreed on by the management, together with a mapping of those processes to the current activities being undertaken by the department. The participants were, thereafter, given the opportunity to validate the boundary of each core process to ensure all relevant activities were included within the process. The six core processes of the Department were identified as follows:

1. Registration Process
2. Contribution Collection Process
3. Once-and-for-All Payment Process (including maintaining of accounts for minors)
4. Regular Payments Process
5. Query Management Process
6. Document Management Process

Thereafter, the group participated in a game that highlighted that change could only take place if we were willing to challenge our current thought processes and beliefs. The participants were divided into teams and given the task of re-designing the first process to meet the newly defined goals, which were termed 'Stretch Goals'. They were given only a paper and a pen to document the process.

These stretch goals for the first process included:

1. Applications returned to be reduced to less than 5% of applications received from the current 60%.
2. All applications to be registered within one day from the current average of six months.

After about 45 minutes to one hour, every team came up with a re-designed process to meet the defined 'stretch goals'. A representative of each team was requested to make the presentation of how the team envisaged the new process to meet the 'stretch goals'.

The Director of Pensions and two other senior officers of the Department were given the task of finding the most appropriate process proposed by the teams.

The workshop was concluded with the presentation of an award by the Director of Pensions to the best team.

Post Workshop Reactions

The reactions of the participants were varied. Some found the session very interesting, while the others were looking for reasons to criticize the manner in which the workshop was conducted. The manner in which the GPR facilitator handled the former Director of Pensions was also a matter that was discussed among some participants.

Some of the participants even went to the extent of saying that they would refuse to participate in future workshops. The main reason that came to light at this stage was that the accountants felt that the entire initiative was a method to remove the power base of the 'Accounting Service' at the DP and transfer power to the SLAS.

Constant discussions by the GPR Facilitator and the agitated participants defused the situation to enable the next re-engineering workshop.

Main Re-engineering Workshop (Day 2)

The workshop started with a re-cap of what had been done on the previous day and refreshing the minds of the participants on the principles of re-engineering that they had been exposed to on that occasion.

The workshop progressed with the groups re-designing the balance processes at a policy level and making presentations of their recommendations.

By the end of the day the balance five processes had been re-designed by the group, and there was a better awareness of how the processes fitted into the organization.

Detailed Design of the Process

After the completion of the main re-engineering workshops, the Director of Pensions together with the GPR facilitator divided the group into six operational teams comprising of 6-8 members from different divisions. Each team was assigned a process, a process owner and a process secretary.

Each operational team met on 8-10 occasions together with the GPR facilitator and designed the process in detail, based on the high level process that was agreed on, at the Policy Re-engineering workshop. When the team was in doubt the process owner was required to consult the Director of Pensions and report back to the team. The Director of Pensions discussed with the process owners the progress of their work on a regular basis at formal weekly meetings as well as informal discussions.

The GPR facilitator together with senior management designed the new organizational structure based on processes to replace the existing structure based on functional divisions.

Final Acceptance

Following the completion of this phase the GPR facilitator amalgamated the information and prepared the final report, which was presented to the Department of Pensions, senior management and the ICTA. A workshop was held to inform all senior management of the re-engineered processes and to obtain final sign-off.

Most of the queries that were brought up by management were answered by the process owner (a member of the staff), who was also a member of the review team. On the other hand, one senior officer who was not a process owner and opted not to be involved with the design of the processes opted not to sign-off the acceptance document.

By the time the GPR phase of the project was completed the majority of the officers of the Department had transformed their attitudes, and were more willing to find ways to improve the service being offered to the public. Refer Annexure 1 for a summary of the fundamental changes that resulted in the organizational reform of the Department of Pensions following the GPR initiative.

Managerial Implications

The case showed that the proposed GPRF could effectively facilitate the core requirements of re-engineering, i.e., fundamental re-thinking, radical re-design of the organizational processes to meet the needs of the organization as well as the customer. It also ensured that there was a high degree of ownership towards the re-engineered processes at the point of acceptance, and the ability to introduce

reforms to the organization, through the re-designed processes. The changes as highlighted in Annexure 1 indicate that change had occurred in the areas of (a) Technical, (b) Doctrinal and (c) Organizational (Processes & Structures)

Some other key factors that came to light during this re-engineering project were:

- The culture, beliefs and misunderstandings within the organization should be skilfully managed during a re-engineering project.
- The reactions of senior officers of the department and their personal and collective beliefs have a great influence during the initial stages of the project.
- The commitment of the Head of the Organization towards change is vital for successful change and the final outcome.
- The re-engineering should include all levels of staff within the organizations and not be restricted only to the senior officers.
- The Policy Re-engineering and Operational Re-engineering teams should be selected with great care and caution.
- The time committed by the staff for the change during the initial re-engineering phase was highly limited, and even re-designing the forms of the Department was given very little priority.

Despite the usefulness of the GPRF, there were limitations as well.

Limitations of the GPRF

The limitations of the framework in its current form has not addressed the issues of effective selection of candidate organizations for re-engineering, as well as a clearly defined strategy for implementing the identified change. Another limitation would be the lack of a quantitative methodology to evaluate the ownership in regard to the re-engineered processes.

The ability to sustain the interest in the re-engineered processes is very short. Therefore, the implementers should ensure quick action to introduce the ICT solutions (required to implement the re-engineered processes) so that they are developed very quickly to ensure that implementation is undertaken while the interest exists.

Recommendations

Based on the encouraging results of implementing the framework in the Sri Lankan public sector organizations, the authors invite the readers to apply the proposed

framework to other organizations as a tool for implementing organizational reforms. The framework could also be tested to re-design processes that span across organizations to facilitate cross organizational reforms in the Sri Lankan Public Sector, and how this could be related to Public Sector Reforms in the case of Sri Lanka.

Conclusion

The power of the proposed process re-engineering framework has been proved in respect of the organizational reforms at the Department of Pensions, where a number of strategic reforms were introduced in order to minimize the cost of transaction and enhancing the effectiveness of the process to provide a fast and efficient service to the customer. The processes re-engineered using the above framework has now been successfully implemented at the Department of Pensions using the technological support that was envisioned during the re-engineering phase of the project. Therefore, there is clear evidence that re-engineering using the 'clean-sheet' concept is a practical and viable option for the Sri Lankan Public Sector Organizations.

Following the implementation of the re-engineered processes at the Department of Pensions, it is evident that the proposed Process Re-engineering Framework (PRF) has effectively introduced (a) Technical Change, (b) Doctrinal (a set of beliefs held by a group) Change and (c) Organizational (processes and structures) Change required of an organizational reform initiative as discussed in this paper.

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