

# CAPACITY BUILDING FOR ECONOMIC PROSPERITY: PROGRESS OF A PREMIER ENTERPRISE

**Prof. Ajantha S. Dharmasiri**

Director and Chairman of the Board of Management,  
Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka

## Abstract

The Sri Lankan economy has faced much turbulence that demands robust resilience. The contribution from both public and private sectors is vital for a vibrant economic growth. The public service, in particular, is required to enhance its efficiency and effectiveness. Effectiveness requires capacity for policy formulation, while the implementation mechanism must be professionally efficient. Underlying this is staff capacity building accompanied by supportive institutional change. Public service capacity building must cover all its segments commencing with the top rung which is called upon to provide leadership to the change process. Training for the top rung, which is occupied by Secretaries of Ministries, is rather difficult mainly in view of their time constraints. Innovative methods are required to address this issue. Equally important is the training of second tier officers. Here too time constraints, regional barriers and more important lack of absorptive capacity have to be overcome in designing training programs. The Postgraduate Institute of Management (PIM) has been facing this challenge over the last two decades, progressively improving not only the quality of delivery of courses but also their content. The paper provides a case study of the PIM experience in dealing with these issues with a view to stimulating a regional dialogue on the relevance and effectiveness of public service training programs.

Keywords: Public Service, Capacity Building, PIM Experience

## Introduction

Public service capacity refers to the ability of government institutions to perform their assigned roles effectively and efficiently, as well as to creatively interpret and expand them in line with changes in the economic, social and political contexts. These roles have changed over time in almost all countries in line with emerging development needs. The public service in our definition covers both the administrative set up as well as business entities referred to as public enterprises.

The new public service management paradigm, in whichever name it is described - new public management, managerialism, entrepreneurial government - aims at replacing the traditional bureaucracy with a new model based on effective response to markets (Fernando, 2005). The traditional model that was followed by governments, either explicitly or implicitly derived its theoretical inspiration from the classical analysis of bureaucracy produced by the German sociologist Max Weber (1958).

## The Weberian model

Max Weber announced six principles. The first principle related to authority which is derived from law and rules based on the law. The second principle is about hierarchy which meant, in strict sense, that logical authority and power were not maintained by any individual but by an Organization. Based on the position in the hierarchy, any individual could act with the authority of the whole Organization. The third point which was built on this principle meant that an Organization is quite impersonal having an existence separate and distinct from the private lives of its employees.

An essential feature of this arrangement is that written documents are preserved so that settlement of previous cases of a similar nature becomes precedence to be followed in the future, which brought forth the system of office files. The fourth principle emphasized the need for specialized training; the fifth being the essential characteristic of the bureaucracy becoming a full time activity. Lastly, as office management was an activity which followed general rules, it could be learned as a specialized discipline to be followed by future occupants of office (Weber, 1958).

This system, however, could not meet the challenges of a new world order of global competition in which governments had to play only a lead role in 'steering' policies and implementing them rather than 'rowing' them. The old bureaucratic system which continued for a long time has been criticized quite extensively as being good enough "to breed time servers, not innovators, encouraging administrators to become risk averse, rather than risk taking, wasting scarce resources, instead of using them efficiently." Weber's ideal type has been criticized also for producing "inertia, lack of enterprise, red tape, mediocrity and inefficiency" (Hughes, 1998).

## The new model

The new public service paradigm was given theoretical impetus by the initiatives taken by Vice President Al Gore under the Clinton Administration in the US resulting in a conceptual framework that has been labelled as "reinventing Government" (Osborne & Gaebler, 1995). The main emphasis of this approach was on efficiency of government in the policy making and service delivery system, focused on entrepreneurship, innovation and results achievement.

Questions have been asked, however, about the validity of emulating the private sector style of management where the drive for efficiency is pushed mostly by the profit motive. Even though public enterprises have to be run on a profit (at least, no loss) basis there is a limit to which the commercial profit motive could be applied, since they are also called upon to play a social function. Secondly, public service decisions may be coercive such as in the case of collection of taxes or registration of property. Thirdly, there may not be sufficient congruence of views between the public servant and the politician to whom he has to report on what constitutes efficiency and effectiveness (Hughes, 1998).

This does not, however, mean that there is nothing that the public service could learn from private sector management. While the two sectors have different objectives and approaches, what is undisputable is that both have to be results oriented. If a public service entity has no result to achieve, it has no legitimate reason for existence. This is where the public servant and the political master could strike an agreement based on the objectives of the institution, usually defined in terms of its declared vision and mission. The results expected of a public service entity are bound by the service delivery, regulatory, security and development objectives of the government (Dharmasiri and Fernando, 2017).

## **Sri Lanka-Public Service Goals**

Sri Lanka's Public administration system had its genesis in the colonial period. The emphasis was then on maintenance of law and order and the collection of tax revenue for the government. These principles continued to guide public administration until independence in 1948, after which greater emphasis was increasingly given to government service delivery as well as investment and management of large scale infrastructure development projects, particularly in support of agriculture and rural development. With the advent of a 'socialist oriented' government in 1956, the emphasis gradually broadened to cover economic management of government financed projects, with price controls and establishment of public enterprises, also playing a key role. To facilitate this process the old 'colonial style administrative system' had to give way to a new administrative structure, with greater emphasis on the management of the national economy. In 1977, an economic liberalization process was set in motion, which continues to date with adjustments reflecting vicissitudes of the existing political spectrum (Fernando, 1997).

A common feature of the post-independence public service management, however, is the continuous commitment to development promotion, ranging from direct intervention to market stimulation. The main focus of development policy has been centered on achieving rapid economic growth with equitable distribution, through employment creation, support services and subsidies to the disadvantaged, proliferation and upgrading of educational and health care opportunities and infrastructure development, with adequate supply of irrigation, water supply, roadways and power and energy. To give effect to these objectives all governments have relied on systems of policy planning and implementation. In the process the five year rolling plan - the public investment program - became a key instrument after 1977, unfortunately to be vitiated in the 2010-14 period, reflecting current political expediency. It appears that the present

government in Sri Lanka is trying to resurrect its role, though hampered by many institutional and technical capacity issues.

All governments in Sri Lanka, since Independence, have appreciated the need for a highly productive (effective and efficient) public service to deliver meaningful development results.

## Development Planning in Sri Lanka

In 1957, the Government published its epic Ten Year Plan. Even though its systematic implementation was abandoned after the demise of the Prime Minister Bandaranaike, it provided guidance to a series of similar exercises later, though with a shorter horizon. After a lull, a Three Year Implementation Programme 1962-64 was published. “But curiously enough, this was not placed firmly within the framework of the Ten Year Plan as had been the intention of the National Planning Council (NPC)” (Gunathilleke, 2004).

During 1965-70, there was no attempt to publish a plan; the emphasis was, basically on macroeconomic management, with a tighter control of the Government Budget and emphasis on planned foreign aid mobilization. In 1970, a new government was ushered in with full confidence in planning and direct intervention in the economy which resulted in the production of the Five Year Plan 1972-76 that died in the cradle due to technical deficiencies in plan formulation as well as the tumultuous political environment. The economic liberalization process that was started in 1977 required a new approach to policy planning and implementation, that resulted as mentioned earlier, in the annual production of the ‘rolling’ five year public investment plan (Fernando, 1997).

In addition to the above macroeconomic interventions all governments in Sri Lanka concentrated on the formulation of rules, regulations and procedures for effective governance, establishment of institutions for their implementation, as well as, direct service delivery systems to alleviate poverty and help the disadvantaged. The most distinctive feature, however, is the continuous commitment of all governments in Sri Lanka over the years to maintain a health and education system that is supported by public funds.

## Administrative Reforms

The purpose of the above narration is to indicate briefly the methods of government intervention in economic and social development in Sri Lanka which needed the support of a technically competent and committed public service. It is this realization that resulted in the establishment of a series of administrative reforms committees and councils comprising eminent professionals starting in 1962. The most prominent of these advisory bodies is the Administrative Reforms Committee (ARC) that brought forth a ten volume report in 1987 (Administrative Committee Report, 1988). The findings and recommendations of the ARC which are still being quoted have often guided subsequent attempts to bring forth a set of meaningful capacity building interventions in the public service.

Among the plethora of recommendations that continuously emanated from these advisory bodies, which is of relevance to our discourse, is the strong emphasis given to training and motivation of staff at all levels. The ARC outlined several weaknesses in this regard, which continue to affect the administrative service, in spite of the continuous reminders by subsequent advisory bodies, because of lack of political will to disturb the status quo and ad hoc, piecemeal approaches to administrative reforms, against which the ARC made a clear forewarning.

At the end of Report I the ARC said: “The Committee does not consider that it is possible to implement bits and pieces of the proposed agenda and to expect to improve effectiveness. Actually, the implementation of bits and pieces of the suggested agenda could be dangerous in that it would lead to incoherent and chaotic results which would put the administrative system back rather than propel it forward. Thus the Committee is unequivocal in requesting the Government that its recommendations be “considered in totality and implemented as a whole” (Administrative Committee Report, 1988).

The ARC drew attention to the absence of an authoritative National Training Policy. “It highlighted several weaknesses relating to training in the Sri Lanka Public Service (SLPS): the fractured, uncoordinated and ad hoc character of the arrangement, lack of integration of training with career development, irrelevant content and ineffective methodology of training programmes, lack of interrelationship between foreign training and local training, and an absence of training units in ministries and departments. The ARC particularly stressed many weaknesses in the foreign training: donor driven programmes which necessarily did not meet the Sri Lanka requirements” (de Alwis, 2013).

One of the salient weaknesses of training programs, particularly in the case of senior officers, was the lack of a coherent approach to developing capacity for economic management. The public service has to perform three basic functions: regulatory function, service delivery function and a development function. In fact, there is a symbiotic link between these functions with focus derived from the development function. The many attempts at planning and economic management in Sri Lanka, both at the macroeconomic and micro (institutional level), have indicated the need for a clear understanding of and capacity to deal with economic issues. Training programmes designed by the administrative hierarchy in Sri Lanka, dominated by ‘administrators’, reflected a lack of appreciation and will to address this need.

## **The Postgraduate Institute of Management (PIM)**

Having been established in 1986 by Ordinance under the Universities Act 16 of 1978, the PIM is one of the eight postgraduate institutes in the university system of Sri Lanka. Though it is relatively young, it has the largest student population among postgraduate institutes, and it is the only self-financing higher learning institution in the university system of the country ([www.pim.sjp.ac.lk](http://www.pim.sjp.ac.lk)).



The PIM is affiliated to the University of Sri Jayewardenepura. It aims to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research, and development in the various branches of management and administrative studies.

The PIM has been playing a pioneering role in delivering a Master's Degree in Business Administration (MBA), which is its flagship program that has over the years become very popular not only among business executives but also public sector officials and NGO activists. The PIM has been also delivering an MPA (Master of Public Administration) program to public servants, who were mostly based in Colombo. These are key steps of "pioneering experiences of a premier enterprise" (Dharmasiri, 2015).

In 2010 the Institute introduced a new style MPA based on 'blended learning methods' as it stretched out to public servants located in the periphery (Provinces, Districts and Divisions). While the curriculum underwent certain significant changes, the need to reach out to the periphery posed many challenges.

A significant challenge was posed by the need to remain within a cost structure that was comparable to those incurred by other competing institutions offering similar courses such as the Sri Lanka Institute of Development Administration (SLIDA) which is financed by the Government Budget and Universities which receive generous subsidies from the Government. The PIM has to generate and live within its own funds. Further, the PIM has to finance a high quality teaching faculty, both in-house and visiting, that expected market rates of remuneration. It has to also finance an e-learning system that is externally owned.

## **Features of New MPA**

The PIM Faculty links with government policy making institutions and individuals helped design a curriculum that was in line with the knowledge requirements of senior public servants. The MPA catered mostly to senior and middle level officers who in a few years may end up as Secretaries of Ministries. Some of them were already holding senior management positions such as heads of departments or divisions. Thus the curriculum was designed in line with the need to 'Manage for Development Results', a conceptual framework that was originally designed by the OECD, which has now become almost the norm for policy development and management in developing countries ([www.OECD.org](http://www.OECD.org)).

Management for development results framework starts with a definition of outcomes expected from policy, working backwards to determine outputs and inputs. The MPA curriculum follows this trend path, starting with a definition of development concepts (expected outcomes) and the socio political environment for policy making. There are 18 courses to be delivered within a span of 24 months, which move from macroeconomics, cross cutting issues of development to national development planning and project appraisal and management supported by appreciation of leadership concepts and knowledge management techniques (Dharmasiri and Fernando, 2017).

The content of these courses and the style of delivery have been discussed by the National Administrative Reforms Committee (now defunct) as well as by government ministries, departments and provincial councils. Their deliberations, which were quite positive, have led the PIM to formulate short term courses of training, focused on changing management styles and capacity building thereof. A case in point is the initiative to establish what are called MRCs (Management Reform Cells) led by CIO (Chief Innovation Officers) trained at the PIM to perform functions of 'change agents'. A further development is the specialized postgraduate (Masters level) programme of two years duration to strengthen e-government functions in government institutions.

A huge challenge that had to be overcome in the delivery of courses was the inadequate absorptive capacity of the targeted students. A major handicap that has to be overcome is the poor knowledge of English language communication skills. This is important not only for understanding the course material, which is in English, but also for interactive learning in group learning sessions. Students are divided into several groups, with each group called upon to discuss among themselves an issue emanating in the course material, which is usually distributed in advance, and to present the outcome of the deliberations in plenary. All members of a group are expected to deal with an assigned component of the argument that emanates in the discussion. Further at the end of each course module students are expected to complete an assignment relating the significance of what they have studied to the management functions at their respective workplaces. The most important challenge, however, is when they have, at the end of the course, to submit a research paper or a project proposal that could improve their workplace operations. For these reasons the MPA program commences with an English language competency building module, followed by continuous support from the teaching staff to the preparation of assignments and the final dissertation or project report.

The other major problem related to absorptive capacity is the lack of basic knowledge of economics. The whole concept of *Management for Development Results* is based on economic principles. It is not possible for students to understand basic macroeconomics as well as concepts relating to development planning and project evaluation and management without a fair appreciation of economics. To overcome this hurdle an introductory course on economic principles has been included in the curriculum which is followed up through special consultations as required during subsequent course delivery.

Apart from the lack of absorptive capacity a major problem which all training programs for public servants in Sri Lanka face is the inability to reach out to the large number of officers who serve in the periphery. There is no doubt that there is a proliferation of distance learning methods, from which training institutes in Sri Lanka could learn, yet to make them effective, through engagement of students in an active learning process is a challenge to be confronted in taking the courses to the periphery. E-Learning systems that have been adopted quite widely have their limitations due to isolated learning. It is difficult to replace the active discussion of issues and sharing of knowledge when development of oral communication skills is also a major objective. Public servants, particularly at the senior level, must learn to communicate effectively

not only with their superiors, particularly their political masters, but also with peers and equally important with those whom they expect to lead. Clarity of thought and precision of delivery of the message are skills that university education must impart.

## Conclusion

The policy makers in Sri Lanka are facing new challenges on the road to prosperity through rapid economic growth and equitable distribution. There is the daunting task of overcoming fiscal, monetary and balance of payment constraints. Sri Lanka's performance in a world which is becoming increasingly competitive will depend not only on overcoming these constraints but also on the quality of its human resources, which need further purposeful development. Public policy and management therefore has a key role to play for which public sector capacity building is crucial. The PIM contribution, as the "nation's management mentor", though quantitatively small in this regard, provides significant lessons with regard to capacity building for what is now known as 'management for development'.

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