

## Project Reports: Industry and Services

### APO FORUM ON DEVELOPMENT OF NPOs

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18-20 December, Bangkok, Thailand

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#### BACKGROUND

The APO organized a round table follow-up conference in 1988 in Fiji to take stock of the achievements of the round table conferences carried out in five member countries. Twelve member countries participated in this follow-up conference, the primary objective of which was to identify new measures and projects that would help member countries in strengthening productivity movements. A key recommendation arising from the deliberations was the need for member countries to constantly evaluate and strengthen their productivity movements to meet the challenges of the fast changing competitive environment and increasing societal expectations. To address this need, the conference also suggested that a biennial forum be organized to discuss critical issues arising from such changes and to consider their impact on the NPOs.

Recognizing the significance of sharing experiences through networking among NPOs, the Heads of NPOs and key officials then met in 1999 at a Symposium on 'Strategic Alliances for Organizational Excellence' in Kuala Lumpur to exchange information, insights and experiences in productivity development and specifically to promote strategic alliances among NPOs. A forum hosted by Singapore in 2000 provided the platform for the translation of policies and strategies into concrete action plans by NPOs, i.e. to draw a focused roadmap to guide and accelerate the development process for an effective productivity movement bearing in mind the differing pace and varying success in the promotion and implementation of productivity movement in member countries.

The increasing globalization and rapid changes in the economic environment mean the NPOs must reckon with these changes and require a major paradigm shift in order to survive the turbulent environment. NPOs must realign with the requirements of the new economy as learning organizations, less dependent on the government, and more reliant on networking among member countries. This forum held in Thailand in December 2001 provided an opportunity for NPOs to present their roadmaps outlining their focused strategies, new initiatives, and actions following the inputs gathered at the previous forum in Singapore. Participating NPOs were able to exchange ideas on how the APO Network and resources can be tapped to build up their institutional capability in formulating pragmatic and innovative solutions so as to remain viable in the knowledge-based economy.

The forum involved the heads of NPOs and/or their nominees together with the APO Secretary-General and APO Secretariat staff. Prof. Tan Wee Liang and Dr. Joseph Prokopenko were the facilitators.

#### OVERVIEW

The forum began with Prof. Tan reminding the participants how the 2002 forum builds upon the action-planning forum the previous year in Singapore. As a follow-up, the participants shared the road maps that they had planned the previous year and indicated their programs and activities. To facilitate learning and active listening the participants were divided into 3 syndicate groups for discussion.

The forum was built around the following components:

- Strategic road maps;
- Transforming NPOs into learning organizations; and
- NPO development needs analysis

These components are related by the idea of NPOs moving forward from the road maps into the future in the knowledge economy. The advent of the knowledge-based economy implies that NPOs need to transform themselves for the knowledge economy. The transformation is another step in NPO development in the context of the external environment. In order to proceed after drawing up future directions, planning and development requires an assessment of an organization's current state, the steps needed to move the organization forward and the particular aspects that the organization needs to develop organizationally and in terms of training. Hence, the third leg of the forum, the needs analysis.

The forum would then conclude with an examination of the role APOs could play in meeting the development needs of the NPOs.

To facilitate discussion, the participants were divided into three groups.

Group 1	Group 2	Group 3
Fiji (Usamate)	Bangladesh (Shah)	ROC (Lee)
Indonesia (Nurdono)	India (Nair)	Indonesia (Bambang)
Japan (Kasuga)	Iran (Ebrahimi)	Iran (Reza)
Singapore (Woon)	Malaysia (Mahlok)	Mongolia (Sukhee)
Thailand (Dawatchai)	Sri Lanka (Adhihetty)	Philippines (Sayco)
Vietnam (Nguyen T. H.)	Thailand (Supanee)	Thailand (Thanin)
		Vietnam (Nguyen T.T.)

## STRATEGIC ROADMAPS

### Presentation of NPO Roadmaps

Prior to the forum, the participants had been instructed to prepare their strategic road maps for their NPOs. The details required for the roadmaps are shown in Table 1 below.

Table 1. REQUIREMENTS FOR ROADMAPS
<p>The road map should spell out:</p> <ol style="list-style-type: none"> <li>The direction/s for the NPO in the next 5 years;</li> <li>Identify the goals that the NPO has set in line with the direction being undertaken;</li> <li>For each of the goals show how they relate to each other and the direction/s;</li> <li>Explain the underlying assumptions for each of the goals; in other words, what theories have led the NPO to deciding that on the</li> </ol>

goals;

- e. For the goals, elaborate on the milestones and activities required to reach them;
- f. Identify possible major barriers and constraints in your country business and social environment, which would hamper reaching your selected goals along the chosen direction in productivity promotion;
- g. What would be the implications of these environmental constraints and barriers on your NPO capacity for identification your major stakeholders needs, planning and implementing your activity in productivity promotion. Please, classify your possible NPO capacity problems into following groups:
  - Lack of strategic planning skills of your management and professional staff
  - Lack of research and needs assessment capacities
  - Lack of consulting capacities in delivering your services
  - Lack of training capacities in delivering your services
  - Lack of promotional and marketing capabilities in promoting your services
  - Lack of infrastructure capacities (NPO premises, equipment, transport, IT capacities and other facilities, etc.)
  - Lack of networking with the stakeholders and similar to the NPO private and public institutions operating on the same markets
  - Lack of financial means
  - Problems with country legislation constraining the NPO capacity development and application
- h. How would you assess your NPO potential in overcoming the above problems (or bridging the gaps along the above constraints) and what kind of the APO assistance would be of critical importance during the next five years in developing your NPO and fulfilling its main mandate.

A total of 14 strategic roadmaps were presented.

The roadmaps presented by the NPOs became the basis of the collective learning. Through the roadmaps, the three groups were asked to analyse and prepare three perspectives:

1. The common strategic directions and strategies in the road maps presented;
2. The evaluation of the roadmaps, i.e. the performance measures used by the NPOs to gauge their progress; and
3. Critical stakeholders of the NPOs

These perspectives enabled the participants to learn from each other as they realized that,

although the specific issues each NPO faced may be different, there were similarities. The first topic was chosen to remind the participants of the need to link strategic thrusts, goals and strategies. The second topic was included because there is a need to include milestones in roadmaps so that NPOs would be able to evaluate their attainment of their goals. NPOs also need to involve or consider the interests of their critical stakeholders, hence the inclusion of the third topic. The three groups reported on their deliberations that are discussed below.

Through their discussions and work on the materials circulated, the participants were introduced to the need for NPO development to include their critical stakeholders and also to provide in their roadmaps measures for evaluating performance. In the following sections, the report summarized the discussion on common strategic directions, performance measures and critical stakeholders.

**Common Strategic Directions:**

The forum was able to facilitate learning among the participants on their strategic thrusts, how these are to be linked to the goals and programs. This relationship between the components of the NPO development plans is necessary in order for the roadmaps to be complete and meaningful. A number of the roadmaps featured goals and strategies without linking them. The forum enabled them to reframe their roadmaps.

There were a number of common strategic directions that the NPOs highlighted. There were:

<b>Table 2. COMMON STRATEGIC DIRECTIONS, GOALS AND STRATEGIES</b>	
<b>Strategic Direction 1</b>	Promoting innovation
<p><b>Goal:</b></p> <p>Increase innovative capacity</p>	<p><b>Related Strategy:</b></p> <ul style="list-style-type: none"> <li>• Develop a framework for assessing innovation</li> <li>• Innovation assessment tool</li> <li>• Benchmarking of individual organizations against industry benchmarks</li> <li>• Restructuring to facilitate innovations and creativity</li> </ul> <p><b>Related Strategy 2:</b></p> <ul style="list-style-type: none"> <li>• Incorporate innovation into productivity awareness campaign</li> </ul>
<b>Strategic Direction 2</b>	To instill a mindset of productivity consciousness which will ultimately result in a continual increase of national productivity and promoting productivity culture
<p><b>Goal:</b></p> <p>Continued growth of organizations implementing productivity</p>	<p><b>Related Strategy 1:</b></p> <p>Have annual productivity awareness campaign launch followed by year round implementing activities</p> <p><b>Related Strategy 2:</b></p>

concepts and methodology	Organize conferences and seminars that feature internal experts
<b>Strategic Direction 3</b>	Focus on SME Development
<b>Goal:</b> Productivity growth of SME by a certain percentage	<p><b>Related Strategy:</b></p> <p>Introduce broad based assistance</p> <p>First stop centre</p> <p><b>Related Strategy 2:</b></p> <p>Introduce sector based programs — programs for key sectors</p> <p><b>Strategy 3:</b></p> <p>Awards for SMEs</p>

### Performance Measures:

While the roadmaps did not indicate the performance measures by which the NPOs would evaluate their attainment of goals (leaving them as implicit to the road maps), the participants realized the need for these as a result of their discussions and they suggested a number of performance criteria they employed.

<b>Table 3. PERFORMANCE MEASURES EMPLOYED BY NPOs</b>		
<b>Name of performance measure</b>	<b>Basis of the measure</b>	<b>Reasons for choice</b>
HRD (internal training)	Man-hours per staff per year	Standard of organizational excellence
Awareness of productivity	Percentage awareness Budget and Impact of P&Q promotion campaign	Effectiveness of promotion and campaign
Training program	Person-days Increase in competencies Increase in productivity	Effectiveness of training Impacts of training
Networking	No. of program exchanged No. of experts exchanged	Measurement in increased networking activities

Promote Productivity among schools	Spread & extent of promotion in school (Number of schools having Productivity & Quality activities per year)	Productivity culture and awareness
Develop world class companies (Number of Companies)	"Singapore Quality Class" — target of 400 Companies	Critical Number
Promote innovation (Number of Innovation Quality Circles)	Extent of innovative projects in workforce Degree of new innovative products of services in NPOs	Innovation contributing to competitiveness
KM (Knowledge Management)	Evaluation Index Knowledge sharing systems Innovative products and services	Contribution of KM to competitiveness
Database Development (Number of data/benchmarks)	Extent of Data collection System of Data utilization	Dissemination of information and data
SMEs Development	Productivity Improvement Profitability Growth	SME contribution to GNP and employment

There was agreement that there was a need to consider this area further as it is required in order for the implementation of the strategies.

### **Critical Stakeholders:**

The participants identified stakeholders as institutions, individuals or groups that had an interest in the NPO. This was a definition arrived at after some discussion as there was some initial questions about users/customers who were also target groups for NPO policies and programs. They also constitute stakeholders rather than being subsumed as "NGOs." Families was another instance which a few participants felt should be separated as stakeholders rather than under the heading "community."

The definition of stakeholders adopted permitted the different categories to be accommodated. The key element that the NPOs needed to be aware of was who were their stakeholders and whether their interests were considered in the NPO development planning. Consideration of their interests may imply consulting the stakeholders, inviting views, having representatives of the stakeholders set in relevant committees, etc. It does not imply that they become decision-makers. Prof. Tan suggested that stakeholders of all

NPOs could be grouped under:

- Donors/Financiers
- Users/Customers
- Facilitators — those who will help implement
- NPOs internal stakeholders — people

With these observations, it was agreed families could come within the category "community" as they are represented by organizations or groups. International organizations are included because they influence strategies through their funding and promotion of activities of their choice.

The degree of involvement of the various stakeholders was discussed. It was soon evident that the degree of involvement depended on the content that each NPO operated in. The government, as a stakeholder, may feature less in a situation where the NPO is autonomous and greater in the context where the government funds and/or appoints the senior management. Another distinction had to be made with respect at the type of involvement. The range of involvement of the stakeholders spans from control (at one extreme) to no involvement (at the other). There are degrees of involvement in decision-making in between. Other dimensions of involvement exist: participation in implementation, participation in facilitation, etc.

The critical stakeholders identified as significant are shown in the table below in Table 4 below.

<b>Table 4. CRITICAL STAKEHOLDERS IDENTIFIED BY NPOs</b>		
<b>Critical Stakeholder</b>	<b>Reasons for inclusion</b>	<b>% of involvement</b>
Government	<ul style="list-style-type: none"> <li>• Decision maker and law maker</li> <li>• Represent all society</li> <li>• Finance Provider</li> </ul>	35
Enterprises	<ul style="list-style-type: none"> <li>• Their share in GDP</li> <li>• Generating income</li> <li>• Made target group of productivity promotion info</li> </ul>	25
Community (people)	<ul style="list-style-type: none"> <li>• Productivity culture come from people, families</li> <li>• Long-term effect</li> </ul>	15
NGOs (Trade Union...)	<ul style="list-style-type: none"> <li>• Facilitate the relation between government and enterprises</li> <li>• Facilitate workers cooperation in productivity promotion</li> </ul>	10
Academics	<ul style="list-style-type: none"> <li>• They are knowledge makers and the source of R&amp;D</li> </ul>	5

The discussion revealed that NPOs would benefit from a deeper examination of stakeholder management and the models of stakeholder involvement employed by the NPOs with

differing levels of government funding and governance.

### **TRANSFORMING NPOS INTO LEARNING ORGANIZATIONS**

Most of the participants felt that the topic of transforming the NPOs into learning organizations was apt. It pointed the way forward for NPO development as it behoves all NPOs to be at the forefront of the productivity movement, implying that they are about to recommend knowledge management methods to their constituencies. The transformation process involves the strategic human resource development of NPOs and is a needful step, as it would lead to further development of the NPOs from within — by seeking to become learning organizations NPOs would build internal capacities and competencies necessary for them to lead and promote productivity and quality. As knowledge is synonymous with productivity, there is an implicit imperative that the NPOs encourage learning that is in line with their strategic directions, as pointed out by Dr. Prokopenko.

The presentations by the ROC and Singapore were enlightening. The participants found the insights into the approach being adopted in Singapore to motivate innovation and knowledge-based activities in enterprises based in Singapore beneficial. In particular, they appreciated the way in which Singapore had attempted to simplify the message without specifying or limiting the approaches that the enterprises could adopt. They appreciated the steps taken by CPC to transform itself and requested copies of the presentation.

All the participants agreed that the knowledge economy had an impact on the productivity movement. The difficulty was over the appropriate responses that each NPO could introduce internally and promote externally to their target groups. There was general agreement that this is an area that NPOs could ill afford to ignore even though the NPOs may be in countries at different stages of development. The principles and processes that were being implemented by Singapore and the ROC, albeit appropriate for their situations, would need to be customized for NPOs in different countries. It also requires NPO to learn more about knowledge management. The knowledge in this area is still developing and this makes the task a little more confusing. The process requires the NPOs to identify the ways in which knowledge can be used to add value and enable their enterprises and workers to be more productive. Prof. Tan gave an example of equipping farmers with a palm digital assistant that provided the farmers with online prices for their crops so that the farmers can better price their harvests, hedge through cooperatives in the futures markets, etc. The example shows that even agricultural economies can benefit from knowledge.

The active discussion on knowledge management justifies the selection of knowledge management as a key strategic thrust adopted by the APO.

### **NPO NEEDS ANALYSIS**

Dr. Prokopenko emphasized the role of Needs Analysis in the development of NPOs. It is integral to the implementation of the roadmaps. Needs analysis could be used with determining the gap between the current situation and the future, NPOs present and future capacity; and identifying what additional resources and steps are needed to attain the future goals. The process of identifying needs enables NPOs to better clarify the gaps (in the objectives to be attained and the present condition. With the gaps in mind, it would then be possible to source for the resources to bridge them and plan the steps (what needs to be done) to attain the goals.

NPOs' needs in development could be divided into organizational (structured and systematic) and training ones. This distinction is important as the ways in which to address them differ. All too often, NPOs may confuse issues and form the impression that training is the solution to all their needs.



The participants engaged in individual NPO needs analysis before engaging in brain-storming sessions on the role that APO could play in meeting those needs. The results of the brainstorming session is shown below.

<b>Table 5: NPO ORGANIZATIONAL AND TRAINING NEEDS</b>		
	<b>NPO Organizational Needs</b>	<b>APO's role in meeting requests (%)</b>
1.	Networking with industrial association & other agencies	40
2.	Cross function communication	—
3.	HRM/HRD systems (including motivation)	20
4.	Out-sourcing — regulation systems	—
5.	Assessment of strategic improvement plan and program	20% through sharing consultancy and experience
6.	Restructuring the NPO	10
7.	Budgetary system	—
8.	Productivity promotion	10% through books, video, bulletin...
9.	Integration between productivity and National Plan	25
10.	Organization redesign & restructuring / Morale	20
11.	Customer/Stakeholders Focus	—
12.	Productivity & Competitiveness Study	50
13.	Skills Competencies (Benchmarking, GPDP, Innovation, Marketing, e-learning, CRM, ISO series, Productivity Measurement /Standard/Research/Methodology)	30
14.	IT Infrastructure & Networking (Hardware & Software)	10
15.	Productivity Database & Information Center	50
16.	Marketing & Internal Communication (Image Building)	10
	<b>Training Needs</b>	<b>APO's role in meeting requests (%)</b>
1.	Marketing/promotion skills	20

2.	NPO top management mindset	30-40
3.	Skills on measuring, monitoring of impact	30-40
4.	Consulting training skills	20-80
5.	Undertaking research & analysis	10-60
6.	Information Technology	10
7.	Training skills	0-10
8.	Sharing of experiences and learning	40
9.	Skill Competencies/Productivity improvement tools & techniques <ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• GPDP</li> <li>• Innovation</li> <li>• Marketing</li> <li>• E-learning</li> <li>• CRM</li> <li>• Productivity Award</li> <li>• ISO series</li> <li>• Productivity measurement, research, methodology</li> </ul>	40

#### **APO'S ROLE IN MEETING NPO NEEDS**

From Table 5, it can be seen that the NPOs' list of needs varied across the spectrum depending on the context of their economic development and the capacity of the respective NPOs. It was also recognized by the participants that apart from the NPOs themselves taking steps, some of the needs could be met by other agencies within their own countries.

In response to the indications on the role that the APO could play in meeting the needs of the NPO, the APO Secretary-General and APO Director of Research and Planning reminded the participants that the APO is already availing itself to member countries through its programs and assistance. These have been of service to member countries in the past. The APO itself is conducting an external audit of its operation and goals so as to be alert to the challenges in the productivity movement and needs of member countries. The APO Secretary-General mentioned the APO would be having its own server and e-mail facility. It would be possible then to establish a website for best practice and knowledge for access by member countries and to facilitate the exchange of information as suggested by Vietnam.

#### **RECOMMENDATIONS**

The forum's deliberations gave rise to a number of areas in extending the series of forums on the development of NPOs:

- Evaluation and performance measurement;

- Transforming NPOs into learning organizations through knowledge management methods;
- Stakeholder management and involvement;
- APO-NPO coordination over programs that address common needs; and
- Knowledge management and its related implications as part of NPOs' strategic thrusts

APO's support was primarily requested to improve the NPO capability building through:

- Political lobbying;
- Information dissemination and exchange;
- Technical demonstration projects;
- Institutional partnership and networking;
- Direct training of the NPO professional staff; and
- Providing comparative productivity statistics, knowledge on best practices and infrastructural support

There was a suggestion from the Vietnamese participant for the creation of a knowledge base for APO in the form of membership shared resources on the website with access being password protected. This suggestion was well received by the participants. The APO Secretariat responded that this matter had been taken into consideration for the future as the APO would be implementing and maintaining its own server in the coming year.

It was affirmed by a majority of the participants that they would like to continue this series of forums with the next meeting to be held in Tehran, the Islamic Republic of Iran in 2002.