National Bangkok Institution: The Challenge of Developing the Human Resources Department

Boon-Anan Phinaitrup*

Abstract

Head of Human Resource Department at National Bangkok Institution, Mr. Sirisak Chaiyaporn, was confronted with rising chorus of discontent and complains. In addition, the role of HR Department must shift from its traditional role of personnel recruitment and hiring, day-to-day employment practices, job descriptions, job termination policies, and compensation and benefits to a new role. Then, the role of the HR Department had been re-conceptualized, with the aim of improving productivity, providing appropriate compensation, and positioning the unit as a "strategic partner" in the Institution's quest to become more autonomous. The new role required increased professionalism, effective utilization of modern human resource management techniques, and a willingness to provide leadership in managing the changes that would come with the implementation of a new strategic vision and plan for the institution. Mr. Chaiyaporn was pondering how changes in the role and management of the HR Department would affect his people's work and whether employees would be able to adjust and adapt in order to perform better and provide improved service under the autonomous institution concept.

Keywords: Human Resource, Leadership, Strategic Partner

สถาบันกรุงเทพแห่งชาติ:
ความท้าทายในการพัฒนาฝ่ายทรัพยากรมนุษย์

บุญอนันต์ พินัยทรัพย์

บทคัดย่อ

      นายศิริศักดิ์ ไชยพร หัวหน้าฝ่ายทรัพยากรมนุษย์ของสถาบันกรุงเทพแห่งชาติ พบปัญหา และอุปสรรค พร้อมทั้งเสียงบ่นเกี่ยวกับงานทรัพยากรมนุษย์ที่ไม่มีประสิทธิภาพ นอกจากนั้น บทบาท ของงานทรัพยากรมนุษย์ควรมีการปรับเปลี่ยนจากเดิมที่มีหน้าที่ในการบริหารจัดการลักษณะการ ทำงานประจำ เช่น งานสรรหาบุคลากร งานเงินเดือนค่าจ้าง สวัสดิการ การจ้างงาน ดังนั้น เพื่อให้ การทำงานมีประสิทธิภาพเพิ่มขึ้น จึงน่าที่จะมีการปรับเปลี่ยนบทบาทมาเป็นนักบริหารเชิงกลยุทธ์ โดยมีความเป็นมืออาชีพมากขึ้น เช่น มีบทบาทในการเป็นผู้นำ สามารถแสดงวิสัยทัศน์เพื่อ ปรับเปลี่ยนองค์การให้แข่งขันได้ เมื่อเกิดการเปลี่ยนแปลงดังกล่าวนายศิริศักดิ์ ไชยพร จึงคิด ใคร่ครวญว่าจะเกิดผลกระทบของการเปลี่ยนแปลงที่มีต่อบุคลากรของหน่วยงานอย่างไร เช่น ความ พร้อมของบุคลากร การปรับเปลี่ยนตัวเองในบริบทใหม่

คำสำคัญ: ทรัพยากรมนุษย์ ภาวะผู้นำ กลยุทธ์การมีส่วนร่วม

In late-2009, after the first-year pilot operation of the completely re-designed human resources management system at National Bangkok Institution, Mr. Sirisak Chaiyaporn, Head of the Human Resource (HR) Department, was confronted with a rising chorus of discontent and complaints. The complaints tended to run the gamut and were directed at various aspects of the organizational and systemic changes that had been initiated following a study of the erstwhile HR management system by an outside HR consulting firm. Some of the complaints mirrored his and others' earlier misgivings about certain elements of the new personnel planning and management system. Despite these earlier concerns, however, the decision had been taken by upper management of the National Bangkok Institution (NBI) to adopt nearly all of the consulting firm's recommendations.

Several years earlier, NBI's president, who was Mr. Chaiyaporn's immediate superior, had set the Institution on a path toward becoming a more self-sufficient and self-administering university, in line with the Thai government's 1998 decision to gradually shift control of state agencies from the government bureaucracy to the agencies themselves. As universities were state agencies, the government's new policy of decentralized control applied to them, also. Under the new policy, universities would have considerably more leeway to manage their own affairs. However, NBI's top management had realized that if the Institution was to be autonomous, it needed to adjust itself. Thus, with NBI president's encouragement, the role of the then Personnel Division had been re-conceptualized, with the aim of improving productivity, providing appropriate compensation, and positioning the unit as a "strategic partner" in the Institution's quest to become more autonomous.

However, almost from outset of the implementation of the HR organization and system changes, Mr. Chaiyaporn had had to contend with staff and faculty complaints about one aspect or another of the new system. Thus, as the one-year pilot operation came to an end, Mr. Chaiyaporn resolved to have a close look at the nature and source of the disgruntlement, with the aim of determining which -- if any -- were substantive, preparatory to devising whatever remedies might be necessary to alleviate the complaints. Mr. Chaiyaporn was aware that NBI's goal of eventual autonomy was greatly dependent on the effectiveness of its HR management system in attracting, motivating, and retaining the caliber of personnel – faculty, staff,

and administrators – who could "make it happen." He also knew that the NBI president, the principal champion of the new system, would be eager to receive his report and recommendations.

Institutional Autonomy as the Impetus for a Revamped HR Function

When the IMF Speaks, Nations in Trouble Tend to Listen

Greater institutional autonomy for all state agencies, including universities, had its origins in a specific loan condition set by the International Monetary Fund (IMF) when stepping forward to help Thailand overcome its economic crisis in 1997. More specifically, to minimize the expenditure of public funds, the IMF had imposed a loan condition that, from that time forward, all agencies of the Thai state were to be encouraged to become self-sufficient and self-administrating under each agency's own regulations. In the case of universities, the sources of revenue with which to achieve self-sufficiency were identified as, among others, state subsidies, tuition fees, research grants, seminars, and annual budgetary allocations. The intent of the IMF proposal, which was accepted and promulgated by the Thai government, was to diversify the sources of university funding, so that over time the national treasury would constitute a diminishing portion of funding, while other sources constituted a larger portion.

Apart from the objective of conserving scarce public funds at a time of national financial exigency, the IMF's insistence on greater institutional autonomy had been aimed at creating the conditions for increased competition among institutions of higher education. Henceforth, universities were expected to vie with each other for the most accomplished administrators, the most talented faculty and staff, and the ablest student population. Those that demonstrated superior competencies overall would be expected to attract increased funding from all sources, while those that showed themselves to be mediocre or substandard would be hard-pressed to maintain their usual levels of funding. Over time, the thinking was, the best universities would survive and prosper, while the undistinguished ones would struggle – and perhaps in some cases, merge with stronger institutions or even altogether cease to exist. Philosophically, then, the IMF's push for greater institutional autonomy was very much part and

parcel of the "survival of the fittest" theorization that undergirded Western forms of market capitalism. The advanced liberal democracies in the West had been moving in the direction of decentralization and deregulation since the early-1980s. With the export of the philosophy to Thailand in the late-1990s, the IMF was merely taking advantage of an economically challenging situation to spread this line of thinking to another part of the world.

When the Thai Government Speaks, State Agencies Tend to Comply

While some students, faculty members, and administrators at several Thai universities had been aghast at the notion that their institutions would henceforth be expected to diversify their funding sources away from sole reliance on governmental allocations, the visionary president of the National Bangkok Institution welcomed the new policy. Taking note of the provision of the new policy that stipulated that autonomous universities would gain the freedom to set their own rules and regulations for managing their own institutions, including managing their personnel, NBI's president saw the government's new autonomy policy as an attractive opportunity for NBI to wrest control of its affairs from the Ministry of Education that had heretofore exercised nearly complete control.

Hence, on March 11, 2002 -- while a collection of other university administrators, faculty members, and students were preparing to rise up in protest against the new policy -- NBI's president called in the head of the Institution's Personnel Division, Sirisak Chaiyaporn, to initiate a discussion as to how to prepare the institution to become autonomous. This was followed by a later meeting of the Committee on Human Resource Strategy, comprised of the president, the vice president for planning, the vice president for management, and the head of the Personnel Division. The discussion was as wide-ranging it was exciting. Among topics that received concerted attention were questions about how each unit of the institution should prepare itself for NBI autonomy, which unit should get ready first or whether all units should be readied simultaneously, and how to get the process underway.

Emergence of the Centrality of Human Resources as the Key to Autonomy

As the early discussions ensued, it soon became apparent to everyone that a critical requirement for a successful transition to a more self-sufficient, self-control state would be NBI's <u>people</u>, its personnel at all levels. The performance of duties and responsibilities in an autonomous institution would require a different, or at least a modified, mindset – which meant that existing personnel would have to be assisted in thinking differently about their role at NBI. Likewise, personnel selection would necessarily need to utilize a different set of filters in identifying and recruiting people at all levels who would be capable of helping NBI achieve and then maintain a state of autonomy. Indeed, as the discussion continued, it became clear that the Personnel Division, as the organization responsible for the university's human resource policies and practices, would have a key role to play in the quest for institutional autonomy. It would need to shift from its traditional role of personnel recruitment and hiring, day-to-day employment practices, job descriptions, job termination policies, and compensation and benefits to a new role. The new role – that of "strategic partner" in the transition to institutional autonomy – would require increased professionalism, effective utilization of modern human resource management techniques, and a willingness to provide leadership in managing the changes that would come with the implementation of a new strategic vision and plan for the institution.

Looking back on those early discussions, Mr. Chaiyaporn recalled how he had left the initial meetings filled with excitement about what the future might hold for NBI, but also with some trepidation regarding how the institution would be able to go about ushering in that future. He found exciting the prospect of having to work in a different way and to get people to cooperate in order that NBI could effectively compete against other universities. But, the whole concept of institutional autonomy was a completely new issue for the Personnel Division. It was not clear to Mr. Chaiyaporn how changes in the role and management of the Personnel Division would affect his people's work and whether employees would be able to adjust and adapt in order to perform better and provide improved service under the autonomous institution concept.

In subsequent meetings of the Human Resource Strategy Committee, the conferees had further brainstormed about "next steps."

At the June 2003 meeting, their attention focused on NBT's vision, mission, and strategic roles. By consensus, they affirmed that the university's vision was to "build leaders to serve society." To accomplish this, the strategy would be to produce quality graduates with high ethical standards; balance the teaching, research, and academic service duties of the faculty; maintain and demonstrate academic excellence in the Asian region; and, develop and manage employees effectively and efficiently. This thinking further underscored the critical role of the Personnel Division in encouraging faculty and staff to understand their roles; research and understand their key performance indicators (KPIs); recruit, train, and develop talented faculty and staff; and, help retain talented and highly motivated faculty and staff by providing fair and effective performance evaluation and coaching, along with enhanced compensation and benefit packages.

Periodic meetings of the Committee continued throughout 2004 and 2005 and into the first half of 2006, as members further refined their thinking about both the processes involved in becoming an autonomous institution and the role of the Personnel Division in facilitating the transition. Eventually, a consensus developed that the Personnel Division – because of the crucial role that it would play in the drive toward institutional autonomy – should be the first NBT unit to be restructured. Given the mission, structure and preoccupations of the Division at the time, the consensus of the Committee members was that it would need to undergo a major metamorphosis if it was to be capable of facilitating NBI's transition to institutional autonomy. Its employees would need to be prepared to work in a different way if they were to effectively and efficiently implement the new policies, rules, and regulations that the institution would necessarily have to promulgate as the thrust toward autonomy got fully underway.

The Personnel Division Prior to the Restructuring

Before the onset of major changes, the Personnel Division had consisted of 5 groups – i.e., the human resource management unit, the personnel and compensation unit, the human resource development unit, the discipline and law unit, and the general administration unit. The heads of the five units reported directly to Mr. Chaiyaporn as head of the Division. The units of the Personnel Division and their main tasks are shown in Table 1.

Table 1: Personnel Division Units and Unit Roles Prior to 2006

Human Resource Management Unit	Personnel and Compensation Unit	Human Resource Development Unit	Discipline and Law Unit	General Administration Unit

- Human resource policy
- HRM Committee
- Academic qualification committee
- Recruitment and selection
- Transfer job
- Career development
- Evaluation for continuous hiring, and performance
	- Compensation and benefit policy
	  - determine full-time job
	  - personal background and statistics
	  - personal profile
	  - retirement/out
	  - recommendation letter
	- ID picture
	- Compensation
	  - salary
	  - academic allowance
	- Benefits and human rights
	  - housing loan
	  - retirement/fund from Government Pension Fund
	    - a variety of leaves
	    - social security
	• Royal orders and decorations of the Kingdom of Thailand
		- HRD Policy
		- HRD Committee
		- HRD fund sub-committee
		  - training and development
		  - development (e.g., master or doctoral degree
		  - seminar/site visit
		  - "star" people award
		- Administrative election
		  - President/Vice President elections
		  - Deans/Associate Deans elections
			- Disciplinary grievance
			  - Continous study
			  - Contract
			    - proceed with the case
			- Juristic acts and contracts
			- Liability for wrongful acts of officials
			- Legal acts
				- Document production
				- General administrtion
				- Budget finance and procurement
				- Health insurance
				- Health check (yearly)
				- Children care during summer

       Prior to its reorganization, the Personnel Division consisted of 18 employees, with available positions for four more people (see Table 2).

Table 2: Number of Employees as of Mid-2006

Position	Type	Number of Employees
Personnel Office	- government officer	5 people
		(available 2 positions)
	- new employee under the new hiring system	- 5 people
	- temporary employees	- 1 person
General Management	- government office	- 1 person
Administrative Office	- government officer	- 2 people
	- new employee under the new hiring system	- 1 person
Record Officer	- government officer	- 1 person
	- temporary employees	- 1 person
Typing-record Officer	- temporary employee	- 1 person

As shown in Table 3 below, nearly all staff members in the Division held the baccalaureate degree. Nearly a third of the group also possessed a master's degree.

Table 3: Qualifications of Employees as of Mid-2006

Degree	Management or Related Field	Others	Total
Master's Degree	4	2	6
Bachelor's Degree	2	8	10
Below Bachelor's Degree	-	2	2
Total			18

Mr. Chaiyaporn, thought that people in the Division worked like a family, displaying a readiness and willingness to help each other complete assignments when called upon to do so. When a staff member was coping with personal stresses that affected his/her job (e.g., changes in family dynamics, household disruption, financial pressure, health problems, etc.), other members of the Division would step forward to assist as best they could. For example, senior staff would help to find appropriate doctors for needed medical treatment, temporarily relieve the affected member of some of his/her workload, or attempt to counsel the impacted member, sometimes through "active listening" and sharing their own experience in solving similar problems. This kind of "all for one, one for all" divisional culture made for a closely knit, well motivated group.

Nevertheless, Mr. Chaiyaporn fully concurred in the view of other members of the Committee on Human Resource Strategy that the Division was in need of substantial improvement, in terms of both what constituted their main tasks and how those tasks were organized and managed. Pointing out that the Division's management systems were mostly concerned with the promulgation and enforcement of rules, policies, and regulations, Mr. Chaiyaporn and his Committee colleagues bemoaned the fact that this preoccupation with the routine and the "mundane" left very little room for the emergence and adoption of strategic thinking, creative ideas and innovation. Further, with respect to how the Division's tasks were organized and managed, Mr. Chaiyaporn again agreed with his Committee colleagues' views – i.e., that the Division was too big, that it lacked a strategic plan, that its existing structure was too inflexible, that some jobs over-lapped with others, that the right person was not always assigned to the right job, and that inadequate attention had been paid to employee relations. In consequence of these organization and management issues, the Division had faced a series of chronic problems on which little permanent progress had been made.

First and foremost among these perennial problems, recruitment and retention of personnel in many university divisions (such as the Planning Division and indeed, the Personnel Division itself) had become a serious problem. For example, when a position became available to fill, there were usually only a few applicants who even applied. To be sure, part of the reason for this could be attributed to the fact that the Institution advertised position openings for a very short period of time and through a very limited number of communication channels. Additionally, although the Institution had improved the starting salaries of new staff recruits, the number of pay increases accorded the current staff had dropped as a result of difficult economic conditions – thus further diminishing the number of candidates for open positions, as well as complicating the staff retention problem. Significant though these exogenous factors were, it was nevertheless felt that part of the problem lay in the internal workings of the Personnel Division itself, in that insufficient commitment to the concept of continuous improvement, as well as weakly coordinated actions in addressing problems, impeded the kind of proactive stance and innovative thinking deemed essential to the development and maintenance of a high-performing organization.

In the effort to improve staff retention, the Institution -- like a number of other public sector organizations -- had begun placing a greater emphasis on work-life balance issues. Taking pride in being a "family-friendly" place of employment, the Institution's provisions in this area exceeded the legally mandated minimum.

Secondly, there was a host of problems with the job evaluation[1] system utilized by the Personnel Division in making comparative assessments of jobs as part of the process of ranking them. The system in force up to 2006 was widely viewed as being inflexible, antiquated, and sometimes irrelevant. Further the constant writing and updating of new job descriptions, together with the time spent on administering the job evaluation process itself, was both cumbersome and time consuming, especially when juxtaposed against the benefits derived there from. Further consuming valuable staff time were self-imposed requirements such as the one that mandated that the Personnel Officer attend every meeting in which new employees were hired. This required a lot of time and took personnel division staff away from other, more pressing duties.

For these and other reasons the perceived need to restructure the Personnel Division so that it could facilitate NBT's quest for institutional autonomy was shared by some of Mr. Chaiyaporn's colleagues in the Personnel Division. One senior staff member in the Personnel Division, Mrs. Siriporn Amphaput -- a ten-year veteran of the Division -- expressed the views of many when she acknowledged that the Institution as a whole, and the Division in particular, had maintained the same structure for such a long time that it was no longer adequate and flexible enough to meet the demands of a changed, and still changing, NBT. The other senior staff member in the Personnel Division, Mr. Pongporn Siriwan, an eight-year veteran, agreed with Mrs. Siriporn. Noting that the Institution would soon need to compete with other Universities, he asserted that, among other changes, the Institution would need to modernize and become more flexible, perhaps by reducing the number of levels in the hierarchy.

Because of these shortcomings in the functioning of the Personnel Division, much of the 2004-05 discussion within the Committee on Human Resource Strategy gravitated around the question not of whether, but *how best to proceed* with the restructuring of the Division. The advantages

and disadvantages of having the restructuring endeavour guided internally versus hiring an external consulting firm to perform the work were roundly debated, as each option had its proponents and its opponents. Everyone on the Committee understood that in the end, the final decision would be taken by the president of the Institution.

Prelude to a Restructuring

As discussions concerning the restructuring of the Personnel Division continued, some members of the Division put forth their own thoughts concerning the restructuring process. Among them was Mr. Thinakorn Thanarat, senior staff in the Personnel and Compensation Unit. Advancing the view that NBT was perfectly capable of restructuring the Division by itself, he stated that there was no need to hire a consulting firm. The institution already had the necessary expertise on staff in the person of some professors who regularly taught, performed research on, and engaged in consultancy on human resource management and development. Moreover, hiring one or more of these NBT professors to perform the work had a significant advantage, Mr. Thinakorn and others pointed out: Internal consultants already knew NBT very well and would not need to learn about the organization, thereby saving the Institution time and other resources. Further, with their in-depth understanding of the Institution, internal consultants would be able to propose structural changes that could truly make things better. Given these facts, Mr. Thinakorn was at a loss to understand why the Institution would consider hiring an outside consulting firm.

These and other Division staff views were dutifully brought to the president's attention in his March 2006 meeting with Mr. Chaiyaporn. Listening intently to the staff and faculty's views, as conveyed by Mr. Chaiyaporn, the President acknowledged that, seen in retrospect, it was possible that some of these views might be shown to have been prescient. However, giving greater credence to his own thoughts about the matter, he nonetheless adhered to his own belief that it was better to hire a consulting firm that had ongoing direct, professional experience to both help restructure the Personnel Division and attend to the related matter of updating the Institution's overall approach to human resource management.

Shortly thereafter, the announcement was made that the Institution had decided to hire Global HR Company, Ltd. to undertake the work. In the

announcement, it was pointed out that the company had been in the HR business for more than 10 years and were expert in the areas of organizational restructuring, compensation and performance management. The announcement further stated:

> *When we looked at their profile, it showed that employees in this consulting firm could provide professional consultation in human resources that would support the university in achieving its goals and objectives. Global HR were experienced in working with the relationship between HR programs and activities and an organization's mission. Their work had involved developing and maintaining productive collaborative work relationships and assessing and responding to strategic human resource needs, compensation and benefits, performance management, and underlying client needs.*

The Consultants Arrive and Data Collection Begins

A few weeks later, NBI entered into a contract with Global HR Company to redesign the Institution's overall approach to human resource management, including the component systems. The project leader was Mrs. Erica Johnson, a senior associate in the firm with several successful international HR engagements to her credit. Her primary responsibility was the HRM and HRD System Project, which covered three inter-linked areas – the restructuring of the Personnel Division, the restructuring of the compensation and benefits programs, and the redesign of the performance evaluation system. The overriding purpose of the Project was that of enhancing the Personnel Division's capabilities, and its staff's performance, with respect to their assigned new role as "strategic partner" in NBI's coming pursuit of institutional autonomy. With this in mind, Mrs. Johnson and her team undertook a multiplicity of steps aimed at familiarizing themselves with both the Personnel Division and the university as a whole. These steps included studying the vision, mission, and strategy of the institution; analyzing the Personnel Division's structure through use of a SWOT analysis; holding a variety of meetings and workshops; brainstorming various issues and challenges; studying existing HR policies and procedures manuals and other related documents; carrying out surveys, and interviewing the President and top management,

along with select position incumbents in the Personnel Division. These project endeavors would ultimately consume about eight months of time.

Following this period of intensive data gathering, Mrs. Johnson and her team met with Mr. Chaiyaporn to present, via PowerPoint slides, what they planned to do over the course of the subsequent months and what their objectives and goals were. Later, they collected documents such as job descriptions, meeting reports, salary tables, and job evaluation forms from all staff. There followed a series of workshops for personnel staff, aimed at identifying the problems in the Division and how to solve them. In the workshops, which consumed many hours, all Personnel Division staff shared their views of the Division's strengths and weaknesses, as well as their thoughts concerning how the Division might better serve the Institution and become a strategic partner. The consultant team also interviewed some members of top management, including the President, the Vice Presidents, and the Head of the Personnel Division in order to clarify their vision, mission, and goals for the Institution. The team then analyzed the data they had obtained and prepared a report for the Institution.

Meanwhile, as the consulting firm's work proceeded apace, concerns about a number of issues emerged amongst some people in the Division especially those who had largely surmised the direction in which the consultants were heading. Quite a few staff expressed concerns that Mrs. Johnson and her team were not familiar with the culture of the Institution, but nevertheless were planning to make major changes in a short period of time. Others, including both a senior and junior staff member in the division, voiced reservations about whether the Division needed to make so many changes, about how well the consulting firm were doing their job, how effective the result would be, and whether people in the division would like the changes and, if they did, whether they would in fact be able to change. They also had concerns about: how the new structure would work, whether the new compensation and benefits would be better, how job evaluations would improve, whether there was a plan to prepare the Division for its new structure and role, and whether they would be able to provide suggestions *before* the final decision was made.

The Restructuring of the Personnel Division

After sharing their findings with the top management team and Mr. Chaiyapon, one of the first actions taken by the consultants was to change both the role and name of the HR organization. Aiming to improve personnel services and prepare it for its new role of strategic partner, Mrs. Johnson and her team decided that henc forth the role of personnel services function would be shifted to a focus on HR strategy. At the same time, the consultants proposed changing the name of the Division to "Human Resource Department" to reflect the fact that the Division's new strategic partnership role would embrace far more than mere personnel administration. Finally, Mrs. Johnson and her team recommended that the new department have three sections – a Strategy Planning and OD unit, an Employee Relationship and Compensation unit, and a Human Resource Development unit.

In Table 4 is shown how the new HR Department was re-structured in order to build strong working relationships, become a more strategic partner, have a more style of modern management, and work more effectively and efficiently. The chart of new reporting relationships is shown in Table 5.

Table 4: New Human Resource Department as Recommended by Consultant

Strategy Planning and OD Unit	Employee Relationship and Compensation Unit	HRD Unit
- Strategy and change Management - Organization development - Compensation and benefit policy and promotion - Human resource planning, and management - Budgeting, planning, and purchasing - Transparent coordination center	- Recruitment and selection - Career development - Job transfer, job rotation - Compensation and benefit - Performance management - Employee relation - Employee retirement - E-human resource - Vacation and sick leave - Administrative election	- Human resource development - Knowledge management - Training and development - Sabbatical leave

Table 5: Organization Chart of the Restructured HR Department
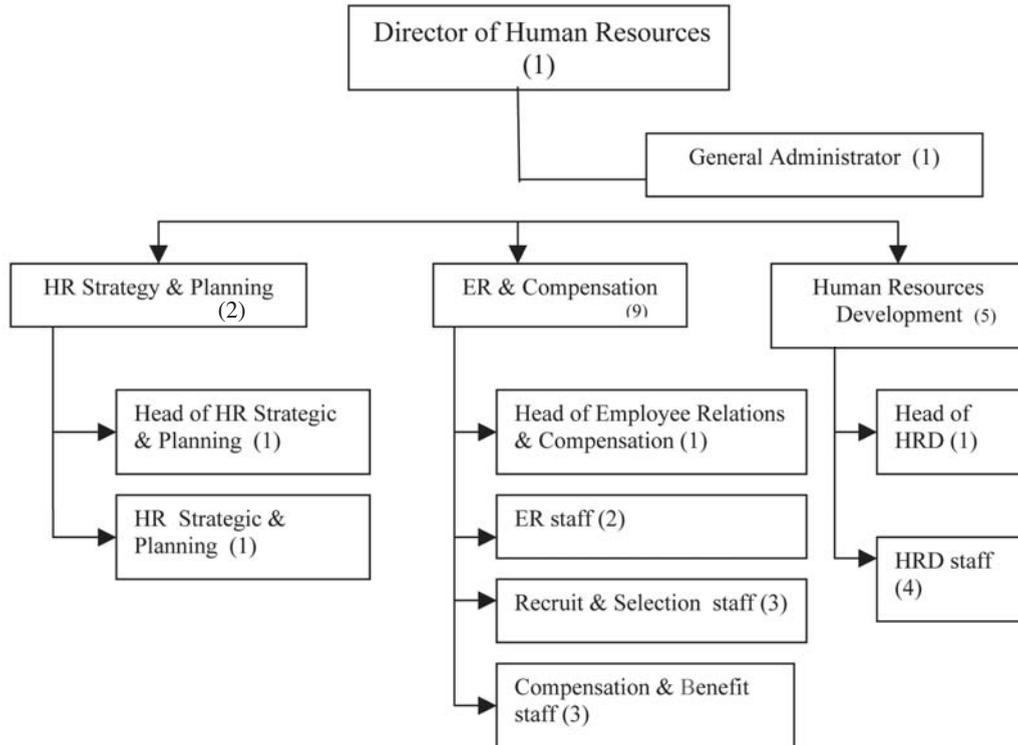
The Restructuring of the Compensation Scheme

Next in the series of changes proposed by the consultants was the Institution's compensation scheme. There had been a consensus among staff in the HR Department that salaries needed to be upgraded in order to attract and retain talented people. Examining job descriptions and salary information for all employees of the Institution (faculty, academic support staff and management staff), the consultants found that there were 24 layers of salary spread over 11 levels. The starting salary was 4,100 baht and highest salary was about 59,000 baht. Convinced of the need to both rationalize and simplify the existing compensation system, the consultants first took the Institution through an elaborate competency-modeling exercise for all roles in the institutional structure.

The rational for moving toward a role-based organization was two-fold. As the head of the HR Department explained:

First, an employee would know exactly what his role was, as well as the role he wanted to move to. Therefore, he would see the gap between the two, and the gaps in his skill set that he needed to fill to achieve the move. Second, broad-band[ing] let us create an equitable framework for people-related decision-making. Each role had an equity attached to it. This facilitated career planning and alsointroduced objectivity to the process. It was not the department's call now. It was coming through a scientific process of evaluation.

The competency-modeling exercise enabled the consultants to reduce the earlier 11 levels for faculty to just 5 levels, the 11 levels for academic support staff to just 4, and the 11 levels for management staff to just 3. Aimed at maximizing efficiency, these reductions in levels were made possible by the elimination of duplicate and overlapping roles and work within each of the three pay groups. Then through a job grading system, a point rating system, and a job classification scheme, the consultants elaborated new job evaluation and compensation schemes for each of the three pay groups -- academic, management, and academic support.

Compensation Scheme – The Faculty Group

The academic group consisted of faculty in every department, including instructors, researchers, and academic service staff. The consultants proposed that the job evaluation for faculty cover five levels using a grading system and broad-band to clearly detail main responsibilities and the expected role at each level. This technique, they had averred, was flexible and could be used for comparison between levels in each group and establishing position benchmarking to determine appropriate levels of compensation. The five levels of the academic group were:

AC 1-2   -   Instructor
AC 3   -   Assistant Professor
AC 4   -   Associate Professor
AC 5   -   Professor

In terms of faculty compensation, salaries for levels AC 1 through AC 5 were slated to increase by a full 200%. Additionally, the allowance for faculty was set at 5,600 baht for assistant professor, 9,900 baht for associate professor and 13,000 baht for professor.

Compensation Scheme -- The Academic Support Group

The three pay grades comprising academic support were to use a point rating method. The ten levels into which these academic support pay grades were divided are detailed in Tables 6, 7, and 8 below:

Table 6: Group Level Structure for the Academic Support Group

JG	Scores	Description: Expected Role
M2	671-729	Middle management, plan and implement department goals and plans
M1	610-670	Junior management, prepare and implement unit goals and plans
S	490-609	Implement goals and plans as well as coach

Table 7: Group Level Structure for the Academic Support Operation

Job Grade	Scores	Description: Expected Role
O3	440-489	Initiate and coach
O2	380-439	Evaluate and synthesize
O1	330-379	Analyse and apply

Table 8: Group Level Structure for the Academic Support Service

Job Grade	Scores	Description: Expected Role
SK4	300-329	Maintain high level of technical skill; solve problems
SK3	250-299	Assist in problem-solving; monitor work procedures
SK2	200-249	Collect, record, and control data; know work procedures
SK1	150-199	Perform custodial and other duties as assigned

Compensation Scheme – Academic Support Units

In terms of the compensation packages that attached to the several levels within each of the three distinct pay groups comprising the overall academic support function, compensation for S1, M1 – M2, O1 – O3, and SK1 – SK4 was to increase by between 100% to 200%, depending on the specific pay grade group.

For senior management, the consulting firm suggested a new salary scheme, with salaries ranging from 68,000 baht to 180,000 baht – which similarly represented a sizable *percentage* increase over the salaries then in effect. This salary upgrade was deemed necessary in order to encourage qualified persons to work in the administrative area, and to motivate them to work hard for the Institution. Such persons included faculty members contemplating temporarily foregoing academic professional development and advancement opportunities in order to accept a 2 to 4-year stint in senior management positions, and who might need a boost in the existing level of administrative compensation in order to consider the trade-off worthwhile.

Alas, when HR Department head, Mr. Chaiyaporn, saw the new salary structure, he was totally stunned and immediately proceeded to point out that the proposed new salaries were far too high. The Institution, he argued, simply did not have the resources with which to implement such a scheme. It was "a **dream,**" he exclaimed, "a mission impossible." He asked the consulting firm to adjust the numbers downward to be more realistic. The consulting firm, however, held its ground and declined to do so, insisting that the new salaries were needed to motivate people to come to NBI, diligently dispatch their duties, and remain with the Institution for a long time. If the Institution wanted to be in a position to compete effectively with other institutions, they argued, it needed to substantially augment the existing compensation levels as they had proposed, lest the drive toward autonomy get off to very unpropitious start. Further, they pointed out, the salaries recommended were based on those of other universities, as refined by the consulting firm's own formula that they used to calculate the salary levels would be appropriate for NBI.

Another core concept introduced by the consultants, performance-based variable pay for all three position roles – academic, academic support, and management – had only been partially implemented by late-2009. It had not yet been introduced in all four performance categories that the consultants had proposed as being subject to evaluation (see Performance Evaluation discussion below). A type of "gain-sharing" that had been proposed by the consultants as a way to better align Institution and personnel interests, the scheme incorporated the notion that when the Institution improved its performance and got rewarded accordingly, the prosperity would be shared with employees in accordance with their

individual job performance. Conversely, if the Institution's performance fell short, the Institution's rewards would fall accordingly -- as would the rewards going to employees. The scheme was designed with the intent of reinforcing the Institution's high performance work ethic, which in turn would enable the Institution to compete more effectively in the coming battle for talent with other universities that were offering higher base compensation packages. To this end, compensation under the scheme was calibrated in such a manner that it created earning potential that was disproportionately higher for high performers than for average performers.

A major reason why the variable pay scheme had yet to be fully implemented was due to the decidedly mixed reaction with which the concept had been met by the faculty. Some were vociferously skeptical of the Institution's motives, given the way variable pay had been defined – especially the provision that everyone, including the faculty, stood to lose some compensation if the Institution's overall performance declined to the point where its own rewards were greatly diminished. Others were adamant in the belief that it was merely a way for the Institution to reduce compensation costs at the expense of employees. Still others fretted about the detrimental affect that such a scheme might have on NBI's organizational culture. Universities, they asserted, work best when individual faculty members freely collaborate in the best interest of themselves and the institution. They worried about what would become of NBI's culture if faculty came to view each other, not as potential collaborators and sources of mutual assistance, but as mere *competitors* for the new performance-based institutional rewards.

Suspicious of the proposed variable pay scheme though many faculty members were, it was the concept of "broad-banding" that became the tipping point at which employee dissatisfaction and discontent at the Institution reached its peak. Most employees were aware that broad-banded pay structures tended to employ pay bands with a very large spread between the bottom and top rates of pay. Further, with pay progress through each band invariably linked to a competency-based performance or compensation scheme, some employees concluded that the Institution would necessarily be motivated to implement ways of limiting employee progression through the bands in order to avoid the

substantial increases in payroll that would ensue from having too many employees ensconced in the upper bands at the same time.

More specifically, some opponents of the scheme were suspicious that a broad-banding structure linked to a competency-based rewarded system would soon lead to administrative denial of opportunities for employees to acquire new skills -- thereby lowering assessments of their competencies and hence slowing their rate of progression through the pay bands. Other opponents thought it more likely that such a competency-assessment system would induce "game playing" with the assessment of the competencies on which the scheme was based – thereby ensuring lower scores than would otherwise be the case and, again, artificially slowing the rate of employees' progression through the bands and thereby unfairly denying them access to the higher levels of pay. Yet others thought it likely that those in control of such a system would most likely be motivated to do *both*. In brief, suspicions surrounding the concept of broad-banding had become so widespread by late 2009 that its full-scale implementation at any point in the foreseeable future had been cast in considerable doubt.

It did not help matters that, first, attempts to explain the concept to employees had been too few and too confusing and that, second, many employees had long contended that performance evaluation at NBI had become a thoroughly subjective and som what erratic process. Some unit heads, it was alleged, even ignored the application of the full array of *mandated* evaluation assessment criteria. In the view of these opponents of the new scheme, if performance evaluation under the old system was rife with subjectivity and a failure by some to adhere to set evaluation criteria, how much more likely it would be for such phenomena to be accentuated in a *performance*-based compensation scheme where "management" of the performance evaluation process would be an obvious way of keeping a tight lid on salaries.

The Restructuring of the Evaluation System

Forging ahead despite the rising chorus of grumblings, complaints, and objections, the consultants proceeded to make significant changes in the NBI's performance evaluation system. The former system, in which employee performance[2] was evaluated twice yearly (April and October) was deemed problematic for several reasons. First, the key performance

indicators (KPIs) used in the evaluations were not only too numerous to be of much value, but also unclear in many instances – thus rendering them of questionable value to the evaluation process for which they had been developed. Second, the unit heads or supervisors responsible for the evaluations had received no training in how to evaluate performance in an effective and professional manner – thus making what, under the best of circumstances, is a stressful event for the evaluator and the evaluated alike a sometimes totally dissatisfying experience for both parties. Third, the evaluation form was not standardized and difficult to understand – thus undermining the credibility of the entire process. Additionally, some important skills required in some positions for satisfactory job performance were not evaluated at all – thus reinforcing the widespread perception that the whole process was deeply flawed.

Apart from changes made to the evaluation form and refinements of the KPIs, Mrs. Johnson and her team recommended several modifications in the design of the evaluation system itself, aimed at overcoming some of its endemic flaws. Henceforth, they decided, there should be two types of performance evaluation – one for management (including supervisors, directors, vice presidents, and deans) and a separate one for those not in management positions – i.e., faculty members and academic support staff. The evaluation process itself was separated into four evaluative dimensions – management duties, academic duties, management behaviour, and performance behaviour. Finally, evaluation of these dimensions was to focus more on role competency, leadership, team work, accountability, and continuous learning rather than on functional areas. The following table shows the factors mandated for use in the evaluation of job performance of each the employee categories, as well as the weights assigned to each factor.

Table 9: Factors for Job Evaluation and Their Associated Weights

Evaluatee/ Factors for Evaluation	VP/Dean/ Director	Associate Vice Director	Faculty	Director of Supporting Operation	Supporting Service
Management Duties				30	70
Academic Duties		30	70		
Management Behavior	50	40		40	
Performance Behavior	50	30	30	30	30
Total	100	100	100	100	100

An individual's performance on the evaluated dimensions was to be rated through the use of job evaluation points, as shown in Table 10 below.

Table 10: Job Evaluation Points

Point Range	Summary of Job Evaluation
96-higher	Best performance, higher than standard performance in every function
86-95	Great-performance, higher than standard performance
66-85	Good- performance, standard
50-65	Average performance, lower than standard and needs to improve
Below 50	Lower than standard; performance improvement indicated

Reactions to the consultants' re-designed performance evaluation system were mostly critical. Firstly, classification judgments were seen as highly *subjective*. Further, pointed out some faculty and support group members, the standard used for comparison (the grade/classification structure) might have built-in biases that would affect certain groups of employees, e.g., women and/or certain minority group members. Others noted that some jobs might appear to fit within one grade or category more than another, making it difficult to define the grades/categories so that they did not overlap. Moreover, overlaps in job descriptions and the factors used to identify the grade, it was asserted, would lead to problems when

assigning duties. The consultants had nevertheless held their ground and forged ahead, convinced of the appropriateness, fairness, and workability of the entire portfolio of systemic changes.

Implementation of the HR Changes and Their Aftermath

Thus it was that the consulting firm had recommended – and NBI had consented to – a restructuring of the Personnel Division, the adjusting of compensation and benefits for faculty and supporting staff, and the redesign of the performance management system. Restructuring the Personnel Division was effected in order to expedite the new system of employment for all employees. The new compensation and benefits scheme was to enable the institution to attract and retain talented people, and the redesign of the performance management system was to enable consistency and fairness in the evaluations of performance of faculty and supporting staff.

By the mid-2008, most of the new structure and new compensation and performance evaluation systems had been implemented, notwithstanding continued rumblings in some quarters about one aspect or another of the changes. Not long thereafter, the heads of the three units within the HR Department came forth with reports on their and their subordinates' reactions. As he listened, occasionally asking questions, Mr. Chaiyaporn had found little in their reports in which to take comfort.

The head of the HR Strategy and OD Unit, Prapan Sujin, mentioned that job descriptions did not relate to actual jobs and were not clear about specific duties. Equally problematic, he continued, was the fact that job positions and responsibilities were not consistent with standard job specifications as set forth by the Office of Civil Service. Job specifications were unclear under the new structure. The general administration function was spread into each unit, causing frustration and duplication of effort because general administration was no longer centralized. All things considered, Mr. Sujin concluded, it could not be said that his unit was functioning as effectively and efficiently as he and his staff members had been led to believe would be the case under the new organization structure. An increasing amount of his supervisory time, he opined, had to be spent trying to ameliorate the acute dissatisfaction within his staff.

Likewise, Somsri Boonchai, head of Employee Relations and Compensation, averred that the new structure had created more problems than it had solved. His people, he reported, were unhappy with the new structure because it created a lot of additional work and there were fewer staff to do it. In consequence, his subordinates complained about being under a lot of pressure, which was precipitating greater tension in the workplace. A related complaint was that the distribution of work was inequitable. For example, unlike the situation in a sister unit, staff in the Employee Relationship and Compensation unit had a lot of work to perform on daily basis – so much, they asserted, that absent additional staff they would increasingly be playing "catch-up" on a growing backlog of tasks. Mr. Boonchai concluded with the warning that unless root cause of his staff's disaffection was addressed in the near future, some of his key subordinates were likely to begin migrating to other organizations.

In his report, the head of HRD, Jiraporn Karnthai, chimed in with the assertion that he and his staff were finding that the new job descriptions did not cover all human resource development needs, such as the new assignment that the vice president for personnel had given him concerning knowledge management. Having had their world of certainty replaced by the unfamiliar and uncertain, many of his staff were immersed in frustration as they tried to acclimate themselves to their new jobs. The HRD head concluded with the suggestion that, minimally, the consultant needed to provide training to enable his staff to work more effectively.

As he listened to these summaries of the disaffection in each of the units supervised by his direct reports, Mr. Chaiyaporn found himself suddenly recalling the earlier comments of Mrs. Siriporn Amphaput, one of the senior staff members in the erstwhile HRM unit. Ruminating at the very outset of the restructuring process, she had allowed that

> *. . . [M]any who [have] worked at the institution for a long time may not like to see it changed because it could create uncertainty about working conditions. They would present questions such as: "Am I still working here?"; "Do I need to change or learn a new skill?"; "Do I have to work harder?"; "Do I have a new boss?"; "Do we have new rules and regulations?." Others may question the need to change*

> *because they may think what we have was good enough, [or that] they would think it would not work, [or] that it would [be a] waste [of] time and money.*

Finally, underlying some complaints was a concern about the impact of the changes on the NBI's traditional culture nd on the sub-cultures that had evolved over time in the operating units. In the traditional organization-wide culture, faculty and staff had grown accustomed to processes and policies that were flexible and often, upon request, customized to individual needs. Beneath the surface of some disgruntlement lay the fear that this aspect of the traditional culture would soon, by virtue of all the new structures and systems, metamorphosize into a considerably more rigid, "one-size-fits-all" type of culture. Hence, they remained unconvinced that what they had gained was worth what they had involuntarily given up.

A Change Course or Full Speed Ahead?

Reflecting on the situation as it presently stood as of late-2009, Mr. Chaiyaporn was greatly concerned. Clearly, the rapidity of changes in HR structures, systems, and policies had created much confusion and frustration among employees and their supervisors. Middle and senior managers, to whom HR had assigned the responsibility for communicating the changes to employees, had shown that they *themselves* were unclear about the rationale behind many of the changes, as well as the details about certain aspects of the changes -- and thus were frequently unable to field many of their subordinates' questions. This had fostered more misinformation and rumors, which in turn had led to further discontent and lack of trust within the overall workforce. Particularly worrisome was the belief – prominent in certain quarters of both the faculty and staff – that, intentionally or unintentionally, the changes were boosting the Institution at the expense of the employees.

Mr. Chaiyaporn had understood from the outset of the restructuring process that the president was depending on HR to take the lead in guiding the change process, including managing expectations, communication, and inter-unit differences as these impacted or were impacted by the changes. Hence, much was at stake as he set about trying to understand the breadth, depth, and root causes of the dissatisfaction that the changes had left in their wake. He knew that change was often a traumatic process,

for both individuals and organizations, and that therefore *some* grumbling and resistance were "normal" and to be expected. He also understood that – in the words of that old dictum – "no pain, no gain."

However, against these truisms about organizational change, he had to juxtapose the reality that organizations, like the individuals who populated them, had their *breaking points.* Hence, before he could recommend actions to redress the problem(s), he first had to determine to what extent the current disaffection was of the typical "expected" sort that usually accompanies change initiatives (and therefore not warranting a major course correction) versus being so strong and widespread as to constitute a serious impediment to the success of the transformation process, if left unaddressed. Although his immediate superior, the NBI president, was the major stakeholder with respect to whatever recommendations he produced, Mr. Chaiyaporn was very much aware that his own HR staff – and indeed NBI employees in general – were also stakeholders and, as such, would have no small amount of interest in what he ended up recommending.

Endnotes

[1] Job evaluation is a method of determining the relative worth of jobs in order to establish which jobs should be paid more than others within the organization. By comparing jobs against others in the organization and/or comparing them against a scale constructed for this purpose, job evaluation often helped to determine the internal equity between various jobs, as well as the pay and grading structure. In addition to be useful in the determination of equitable pay and grading structures, job evaluation is often used to decide employee benefit provisions, such as bonus compensation.

[2] Job performance is the ability to perform effectively in a job and is predicated on each employee having a complete and up-to-date job description and set of performance requirements. At NBI, performance reviews typically took place twice yearly for faculty and others who were under contract.