

ระบบงบประมาณแบบมุ่งเน้นผลงาน: กรณีศึกษา นโยบายการแก้ไขปัญหาความยากจนในประเทศไทย THE PERFORMANCE-BASED BUDGETING SYSTEM: A STUDY OF POVERTY REDUCTION POLICY IMPLEMENTATION IN THAILAND

บุทธิมา ตระการวนิช¹, พลพิท บุราคม¹, นวลน้อย ตีรรัตน์², โชติชัย เจริญงาม³
Buddhima Trakarnvanich¹, Ponlapat Buracom¹, Nualnoi Treerat², Chotchai Charoenngam³

¹คณะรัฐประศาสนศาสตร์ สถาบันบัณฑิตพัฒนบริหารศาสตร์

¹School of Public Administration, National Institute of Development Administration.

²คณะเศรษฐศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย

²Faculty of Economics, Chulalongkorn University.

³คณะวิศวกรรมศาสตร์และเทคโนโลยี สถาบันเทคโนโลยีแห่งเอเชีย

³School of Engineering and Technology, Asian Institute of Technology.

บทคัดย่อ

รายงานการวิจัยฉบับนี้มีวัตถุประสงค์หลักเพื่อระบุปัจจัยที่มีผลต่อความสำเร็จในการจัดทำและบริหารงบประมาณที่เกี่ยวข้องกับการนำนโยบายการแก้ไขปัญหาความยากจนในระดับจังหวัดภายใต้ระบบงบประมาณแบบมุ่งเน้นผลงานไปปฏิบัติในประเทศไทย จากการวิจัยพบว่าความสำเร็จดังกล่าวมีผลมาจากการที่จังหวัดได้รับข้อมูลที่เพียงพอ และได้รับการสนับสนุนที่เหมาะสมจากสำนักงานงบประมาณและหน่วยงานกลางอื่นๆ ในทางตรงกันข้ามความชัดเจนของนโยบายฯ มีผลทำให้ระดับความสำเร็จในการจัดทำและบริหารงบประมาณฯ ลดลง อีกทั้งความสามารถของจังหวัดในการนำระบบงบประมาณแบบมุ่งเน้นผลงานมาใช้มีผลทำให้ระดับความสำเร็จดังกล่าวลดลงด้วย จากการศึกษาในครั้งนี้ผู้วิจัยได้นำเสนอข้อเสนอแนะต่อรัฐบาล ผู้บริหารและเจ้าหน้าที่ผู้ปฏิบัติงานในจังหวัด และสำนักงานงบประมาณเกี่ยวกับการพัฒนาสู่ความสำเร็จในการจัดทำและบริหารงบประมาณที่เกี่ยวข้องกับการนำนโยบายการแก้ไขปัญหาความยากจนภายใต้ระบบงบประมาณแบบมุ่งเน้นผลงานไปปฏิบัติในหลายประเด็น ได้แก่ การมีข้อมูลและระบบการบริหารจัดการข้อมูลที่ครบถ้วน การพัฒนาแผนบูรณาการสำหรับยุทธศาสตร์การแก้ไขปัญหาความยากจน การมุ่งเน้นความโปร่งใสและความรับผิดชอบในการปฏิบัติงานของจังหวัด การส่งเสริมบทบาทหน้าที่และความรับผิดชอบของสำนักงานงบประมาณ เป็นต้น

คำสำคัญ: ระบบงบประมาณแบบมุ่งเน้นผลงาน, รายงานสาธารณะ, การนำนโยบายไปปฏิบัติ

Abstract

This research was conducted mainly in order to identify the primary determinants of the success of budget preparation and execution of the Performance-Based Budgeting System (PBBS) related to poverty reduction program implementation at the provincial level in Thailand. The results from the empirical analysis indicated that provinces are more likely to have successful budget preparation and execution of the PBBS related to poverty reduction program implementation when they have sufficient information and appropriate facilitations provided by the Bureau of the Budget and other central agencies. However, precise poverty reduction policy could cause a lower level of success with budget preparation and execution of the PBBS related to poverty reduction program implementation. Finally, the high capacity of a province in adopting the PBBS could lead to low level of successful budget preparation and execution of the PBBS related to poverty reduction program implementation. In order to have successful budget preparation and execution in the PBBS related to poverty reduction program implementation, the recommendations have been placed into three groups, which are policy makers/government, provincial executives and officials, and the Bureau of the Budget. They include, for instance, the provision of comprehensive information and information management system, the development of integration plan for poverty reduction strategies, the existence of the accountability and transparency in the provinces, and the promotion of roles and responsibilities of the Bureau of the Budget.

Keywords: Performance-Based Budgeting System, Public Expenditures, Policy Implementation

Introduction

Because of emerging government mandates, public demands, professional recognition, and Budget Execution Regulations, Thai public agencies, including provinces, now implement the Performance-Based Budgeting System (PBBS) nationwide. In preparing the fiscal year's budget, the government has set strategies in allocating a budget which relates to its policy and that are used as a framework in submitting budget proposals. Both the PBBS and the poverty reduction policy are relatively new schemes for budget officials in the provinces. In addition, the poverty reduction policy was launched top-down by the

government, thus neglecting participatory policy formation and analysis. Coordination among related organizations did not work, communication technology was insufficient, and there were also other inadequacies. Such limitations made it difficult to understand the factors affecting the success of budget preparation and execution of the PBBS in the poverty reduction policy.

Review of the Literature

Thailand's Budgeting System

Budget Act B.E. 2502 was promulgated in 1959. The beginning Thai budgeting system was line-item budgeting. It emphasized mainly individual items and was an input-controlled

system. When the budget for the entire country is small and uncomplicated, the system is suitable. However, the analyses and reviews of the effectiveness of services provided to the citizens were highly restricted. In order to solve such limitations, in 1982, the Planning Programming Budget System (PBBS) was adopted by the Bureau of the Budget. This system emphasized to a greater extent the linkage between budget and planning. In order to make the national budget rational, budget documents showed both the programs/work plans/projects and the objects of expenditures. Although there was a change from line-item budgeting to the PBBS, in practice, the Thai budget system was more or less an integration of these two systems, which was strongly centralized. Such centralization ensured effective achievement of overall fiscal targets; however, it imposed inflexibility and distortion on government agencies. [1]

As a result, several attempts were made to improve the administration. For instance, in order to relax the government budget control, in 1981, the Regulation of the Office of the Prime Minister was created to improve budget execution in the provinces. This led the provincial governors to have more authority in managing budget spending. Furthermore, during 1990–1995, budget execution was more decentralized to the heads of government agencies and state enterprises. However, there were some difficulties and weakness related to the budget process. In practice, budget control role and function were emphasized.

The Bureau of the Budget spent much effort and time on budget execution, where there was insufficient time for budget preparation. In addition, the results of monitoring and evaluation were not well-integrated into the budget process. [1]

Besides the inappropriate existing budget system, in 1997, Thailand faced different kinds of difficulties, such as: the sudden end of the economic boom, the rising cost of government services, weak coalition governments, and traditional lack of coordination among public agencies. Additionally, the passage of the 1997 constitution strongly focused on the participatory process and enhanced transparency and decentralization. Thus, the starting point of the reform was in the year 1997. The Bureau of the Budget was responsible for the second area of the public sector management reform plan in improving to new budget system, which is called “Performance-Based Budgeting System (PBBS).” According to Tippawan Lorsuwannarat [1], the reform involves considerable changes in the budget processes. The following table shows the principles of budget reform.

Table 1 The Principles of Budget Reform.

	PPBS	PBBS
Input-oriented to output	- Emphasizing inputs	- Emphasizing outputs and outcomes
One year to multi-year budgeting	- Detailed controls	- Greater integration of performance issues into budget process, which led to improved resource allocation and overall performance
	- Weak link between planning and budgeting, since the National Plan is a five-year plan, whereas the budget is an annual plan	- To facilitate the link between policy, planning, and budgeting There are implications of foresight estimation.
	- Decisions on resource allocation were made on an ad hoc or piecemeal basis.	
Decentralization	- The budget process became too detailed, rigid, and was counter-efficient and ineffective.	- To provide government agencies with greater freedom in operational decisions and removing unnecessary constraints in resource management
Transparency and accountability	- Budget coverage is incomplete.	- Government agencies need disclose all the sources of their revenue to the BOB so that it can reflect the real fiscal status of the public sector (both performance and financial reports are requested to be submitted).
	- Quasi-fiscal activities are not disclosed.	

Source: Tippawan Lorsuwannarat. [1]

The political intervention was then carried out by the government and a deadline to finally restore momentum for Thai budget reform was specified. A government initiative to reform the budgeting system was set. The initiative mainly focused on reforming budget preparation by creating more formal links between budget allocation to agencies and government strategies [2]. From this policy, the Bureau of the Budget developed a budget system, from the Performance-Based Budgeting (PBB) to Strategic Performance Based Budgeting (SPBB), by considering the

achievement of the government's strategic delivery target together with decentralization that allowed ministers, ministries, and departments to manage their own budget for results. The following figure presents the linkage of responsibility in the SPBBS

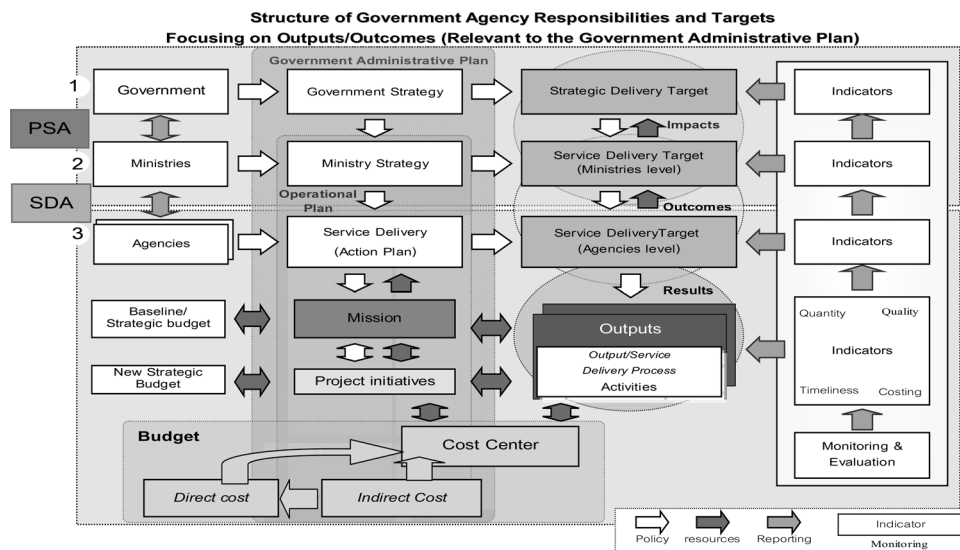


Figure 1 The Linkage of Responsibility in the PBBS.

Source: Somnuk Phimolsathian. [3]

Poverty Reduction Strategy in Thailand

Poverty reduction, which is one of the crucial Thailand's national strategies, was established as main theme of this study. The government has allocated a budget for eradicating poverty in the country by different approaches, such as setting up a system to manage water resources and land, and developing mechanisms to manage the economic and social services necessary for creating occupations and increasing revenue for the poor. Infrastructure has developed along with the provision of accessibility of sources of funds for solving communities' problems. Poor people have been given the opportunity to these funds for their livelihood and to develop their knowledge to improve their potential regarding their occupations, etc. Thailand measures poverty incidence at the household level by comparing per capital household income against the poverty line. The poverty line is the income level that is

sufficient for an individual to enjoy the society's minimum standards of living. An individual is classified as poor if he or she has an income less than the respected poverty line. The approach for aggregating poverty is also used by particular indices, they are the head count ratio, the poverty gap ratio, and severity of poverty.

Table 2 presents three measures of poverty incidence in Thailand covering the year 1988 to 2002. The measures capture different aspects of poverty but they move in exactly the same direction over time. The data reveal a very considerable decline in poverty incidence up to 1996 and a further increase during the following two years. Over the eight years ending in 1996, the absolute number of persons in poverty declined by 11.1 million (from 17.9 million to 6.8 million); over the following two years the number increased by 1 million (from 7.9 million to 8.9 million).

Table 2 Poverty Incidence by Different Measures in Thailand.

Period	Headcount Measure	Poverty Gap Ratio	Severity of Poverty Index	Number of Poor (in millions)
1988	32.6	10.4	4.6	17.9
1990	27.2	8.0	3.3	15.3
1992	23.2	6.8	2.8	13.5
1994	16.3	4.3	1.7	9.7
1996	11.4	2.8	1.1	6.8
1998	12.9	3.2	1.2	7.9
2000	14.2	4.1	1.7	8.9
2002	9.8	2.4	1.4	6.2

Source: Warr, Peter. [4]

The National Economic and Social Development Board (NESDB) [5] described various crucial factors that have an impact on poverty in Thailand, as follows:

(1) Poverty incidence is highest among household with larger numbers of members.

(2) The age of heads of households is one of the important factors. It is found that household heads in their twenties are least likely to be poor.

(3) On average, poor household heads with lower educational levels face serious problems concerning being poor.

(4) The agriculturalists have the highest poverty incidence. Agriculturalist households contribute most to the poverty in Thailand.

According to Warr [4], there are three perceived dimensions of both strategies and policies related to Thai government poverty reduction; they are opportunity, security, and community. Opportunity refers to the capacity to participate in economically-rewarding

activities. It is believed that improving opportunity will increase average incomes and the economic well-being of poor people. Security refers to the existence of mechanism to maintain well-being in terms of pension programs, health insurance, unemployment welfare, etc. Community refers to social capital. The government has attempted to strength the capacity of local communities to assist the poor and to develop local self-reliance. Furthermore, systems of local accountability have also been developed.

In short, Thai poverty reduction strategy consists of five main aspects:

(1) The macro-economic strategy is drawn up to construct fair and equitable economic growth, contributing to more employment in the agricultural sector.

(2) The strategy for capability building is drawn up in order to provide education and career-related knowledge, which are fundamental requirements for refining the

capabilities and analytical skills of the poor.

(3) The strategy of a social safety net improvement creates equitable access to education and professional training, which are diversified and adjusted in accordance with the needs and skills of the poor and the underprivileged.

(4) The most effective natural resource management grants the community the possibility of dramatically participating at every level of planning and implementation.

(5) The role of the central government has been changed from designing policies and controlling implementation processes to facilitating and supporting local institutions/ organizations to work and participate in analyzing and solving problems alongside other actors.

Public Expenditure Theories

Referring to the Normative Theories of Public Expenditures, Haveman [6] disclosed the principle of maximum social gain. He emphasized that the public sector, in undertaking any activity, should choose that alternative for which the gains to society exceed the costs by the greatest amount and should therefore refrain from any activity if its costs exceed gains that are generated by each alternative; he also emphasized a choice of the one which generates the largest net gain. In analyzing government decision making, the benefits and costs of any public decisions are of two basic types: (1) efficiency benefits and costs, and (2) income redistribution (equity) benefits and costs. Musgrave [7], the proponents

of the voluntary exchange theory, explained the revenue-expenditures process (of public economy) as a phenomenon of economic value and price. Taxes appear as voluntary payments rendered by the individual in exchange for services supplied by the public economy, and in accordance with his or her evaluation of those services. Bowen [8] amended the general pricing rule to be useful in determining the output of social goods. However, estimating the marginal rates of substitution presents problems that cannot be subjected to individual consumer choice. It is also the fact that citizen consumers will not disclose their preference with regard to purely public goods in order to distribute less tax. According to Bowen [8], the closest substitute for consumer choice is voting; therefore, the ideal output can be determined. The theory encourages the consumer to disclose information about his or her preferences and also to participate in the budget preparation and execution process.

Charles E. Lindblom [9] has presented two polar types of decision making: the rational comprehensive model and incrementalism. The rational approach makes several important assumptions; they are, perfect information being available to decision makers, the existence of the wherewithal necessary for social utility comparisons of alternative proposals, the cognitive adequacy of decision makers being sufficient to utilize perfect information, and the absence of time constraints. However, such assumptions are clearly non-existent in the real world, where complexity and political

consideration dominate in policy making. Therefore, incremental budgeting is used in order to simplify the decision process and to make meaningful decisions. The works of Simon [10], Lindblom [9], Wildavsky [11], Fenno [12], and Davis, Dempster, and Wildavsky [13], has adopted such an approach in their research on the budgetary process. In addition, incremental policy choice will not cause sudden or drastic changes which may disrupt established processes [14]. With the acceptance of incrementalism from an adverse perspective, incrementalism is not universal in its explanatory form. In short, the incrementalism or inefficiency in public resource allocation is a result of (1) inadequate and low quality of information, and (2) risk avoidance of on the part of decision makers.

Through out the work of Arrow [15], he considers the transaction cost--the conflicting demands of society and the needs of the individual--and insists that some sense of balance is required. There are two causes of transaction risks: bounded rationality and opportunism. Simon [10], Williamson [16], and Arrow [15] refer to bounded rationality as the ability limitation of individuals in different areas. Opportunism involves self-interest of economic agents [16]. Horn [17] has suggested ways to minimize transaction problems by selecting institutional choices, such as delegating decisions to the administrative level and the governance structure of the administrative agent.

Policy Implementation

Altogether four models related to policy implementation are studied in this research. First is the model called "A Model of the Policy Implementation Process" developed by Donald Van Meter and Carl Van Horn [18] Second, Sabatier and Mazmonian [19] suggest a set of five conditions for effective policy implementation. The third model was developed by George C. Edwards [20] in 1980; he identified four factors believed to affect implementation: communication, resources, the dispositions of the implementers, and the bureaucratic structure. In the last model, Voradej Chandarasorn [21] identified a management model of policy implementation which focused on the ability of the organization to carry out its programs and activities. To be more specific, the variables commonly used in the abovementioned four models are described individually in detail as follows.

(1) Goals and objectives identification:

Pressman and Wildavsky [22] indicate that "implementation cannot succeed or fail without a goal against which to judge it." Therefore, the study of policy implementation requires that goals and objectives are identified and measured. Van Meter and Van Horn [18] also support the idea that in determining standards and objectives one could use the statement of policy makers, as reflected in numerous documents such as program regulations and guidelines which spell out the criteria for an evaluation of policy performance. In short, standards and objectives cannot be

carried out unless they are stated with sufficient clarity so that implementers can know what is expected of them. Therefore, the prospects of effective implementation will be enhanced by the clarity with which standards and objectives are stated and by the accuracy and consistency with which they are communicated.

(2) Support from executives: According to Williams [23], the higher hierarchy will often find difficulty in policy implementation, since the lower-level bureaucrat try to protect his or her “turf.” However, sometimes lower-level implementers face difficulties in policy implementation since management does not assist them properly. Specifically, subordinates expect management to do the following: (1) provide them with a clear picture of their new role requirements; (2) adjust organizational arrangements to make them compatible with innovations; (3) provide training if required; (4) provide necessary resources; (5) provide appropriate support and rewards in order to maintain their willingness to make implementation efforts [24].

(3) Capacities of implementing agencies: Ripley, Franklin, Holmes, and Moreland [25] view that the characteristics of administrative agencies affect policy implementation. Van Meter and Van Horn [18] offer suggestions of characteristics regarding the organization’s capacity to affect policy implementation. They are: (1) the competence and size of an agency’s staff; (2) the degree of hierarchical control of subunit decisions and processes within the implementing agencies; (3) an agency’s political resources; (4) the

vitality of an organization; (5) the degree of “open” communications within an organization; and (6) the agency’s formal and informal linkages with the “policy-making” or “policy-enforcing” body. In addition, successful implementation is also a function of the implementing organization’s capacity to do what it is expected to do. The ability to implement policies may be hindered by such factors as overworked and poorly trained staff, insufficient information and financial resources, or impossible time constraints [18]. Additionally, in the context of the Thai bureaucracy, successful implementation depends heavily on the capacity of the implementing agency to perform its duties as it is expected to do [26].

(4) The disposition of implementers: The perceptions of implementers within the jurisdiction where the policy is delivered are also important. Van Meter and Van Horn [18] have delineated three elements of the implementers’ response that might affect their ability and willingness to carry out policy. They are: (1) the implementers’ cognition (comprehension and understanding) of the policy; (2) the direction of the implementers’ disposition toward standards and objectives; and (3) the intensity of implementers’ dispositions. In addition, according to Stein [27], the factors shaping successful implementation of national public policies are internal to the recipient’s own organization.

(5) Inter-organizational communications and relationships: In the model of the Policy Implementation Process developed by Van Meter and Van Horn [18], inter-

organizational communication and enforcement activities are posited as one of the critical independent factors that link policy and performance. Successful policy implementation requires the interaction and coordination of a large number of organizations at different levels of government, by local, regional, and national agencies, and cooperation by non-governmental organizations and groups of intended beneficiaries [28].

Based on an integration of theories of public expenditure and policy implementation, a conceptual framework for analysis was derived for this study. The framework suggests that procedural guidance and information factors, the characteristics of implementing provinces, and external factors can determine the success of budget preparation and execution of the PBBS related to poverty reduction policy implementation. Based on this framework, eight hypotheses are proposed. Variables that

were hypothesized to have an effect on the dependent variable are as follows: (1) precision of poverty reduction policy and procedural guidance, (2) adequacy and quality of information, (3) executives' support in adopting the PBBS in poverty reduction program implementation at the provincial level, (4) the capacity of the provinces in adopting the PBBS in poverty reduction program implementation at the provincial level, (5) provincial officials' disposition in adopting the PBBS in poverty reduction program implementation at the provincial level, (6) the ability of the province to induce people's participations in the process of the PBBS related to poverty reduction program implementation at the provincial level, (7) the Bureau of the Budget and other central agencies' facilitations, and (8) inter-organizational communication and incorporation among related parties.

Conceptual Framework

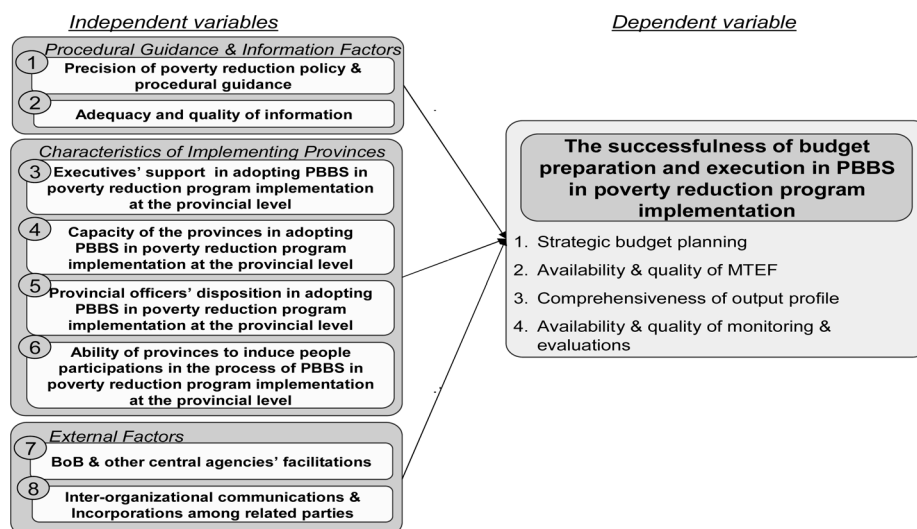


Figure 2 A conceptual framework of the Performance-Based Budgeting System: a study of Poverty reduction policy implementation in Thailand.

Aims

The purposes of this research were:

(1) To examine the characteristics of budget preparation and execution of the PBBS related to poverty reduction program implementation at the provincial level

(2) To identify and analyze the factors affecting the success of budget preparation and execution in PBBS related to poverty reduction program implementation at the provincial level.

Materials and Methods

A survey questionnaire was conducted in this study. In particular, there were two sets of questionnaires. The first set of questionnaires entirely contributed to the success of budget preparation and budget execution of the PBBS related to poverty reduction program. The respondents of this set of questionnaires were provincial officials whose work was directly responsible for provincial budget preparation and execution. A total of 75 sets were distributed to the Provincial Governor's Office in 75 provinces. The second set of questionnaires asked questions concerning the proposed eight determinants. The respondents of this set of questionnaires were the provincial officials, whose work was both responsible for provincial budget preparation and execution and poverty reduction program implementation. In short, the questionnaires were sent to sixteen agencies in 75 provinces; each agency had main responsibilities related to poverty reduction. They are the Office of the Permanent Secretary

of three ministries (the Ministry of Interior, Labor, and Agriculture and Cooperatives), the Department of Provincial Administration, the Community Development Department, the Department of Employment, the Department of Labor Protection and Welfare, the Department of Skill Development, the Department of Fisheries, the Cooperative Promotion Department, the Department of Livestock, the Department of Cooperative Auditing, the Office of Agricultural Land Reform, the Land Development Department, the Royal Irrigation Department, and the Department of Agricultural Extension. The total response rate of this study was 64.62 percent (824 respondents from a set of 1,275 distributed questionnaires). Then, quantitative analysis was conducted through Multiple Regression Analysis. Additionally, data from in-depth interviews and documentary research enhanced the understanding of the research findings.

Results

The survey findings revealed the current status of the success of budget preparation and execution related to poverty reduction program implementation at the provincial level. The findings are:

(1) In general, most provinces were concerned about poverty problems.

(2) The provinces do not care much about economic indicators or performance and financial reporting.

(3) Most provinces are able to develop the primary activities of their poverty reduction

outputs but not the secondary and supporting activities of poverty reduction outputs.

(4) Provincial poverty reduction action plans and budget plans are compliant with the format requested by the Bureau of the Budget; however, they cannot be sent on time.

(5) Cost effectiveness analysis and cost KPIs are rarely found in the provinces.

(6) Provincial poverty reduction performance and financial reporting exhibit problems with delays in being sent.

(7) Post-evaluation is mainly conducted

by most provinces, but not pre-evaluation or on-going evaluation.

(8) The Bureau of the Budget's guidance is not widely used by the provinces.

The results of the multiple regression analysis are presented in table 3. The regression coefficients support four of the eight hypotheses. The model was statistically significant and explains 23.9 percent of variance in the dependent variables (R square = 0.239, F = 2.59, p< 0.05).

Table 3 Multiple Regression Results.

Variables	Coefficient	t
1. Precision of poverty reduction policy and procedural guidance	-0.404	-2.932**
2. Adequacy and quality of information	0.315	2.243*
3. Executive's support in adopting PBBS in poverty reduction program implementation at the provincial level	0.149	1.033
4. Capacity of the provinces in adopting PBBS in poverty reduction program implementation at the provincial level	-0.313	-2.190*
5. Provincial officials' disposition in adopting PBBS in poverty reduction program implementation at the provincial level	-0.114	-0.721
6. Ability of province to induce people's participation in the process of PBBS in poverty reduction program implementation at the provincial level	0.082	0.532
7. Facilitations of the Bureau of the Budget and other central agencies	0.395	2.100*
8. Inter-organization communication and incor among related parties	-0.026	-0.140
R	0.489	
R Square	0.239	
Adjusted	0.147	
F-statistic	2.59*	

Note: **P-value is significant at the 0.01 level

*P-value is significant at the 0.05 level

The research findings indicated that the success of budget preparation and execution of the PBBS related to poverty reduction program implementation at the provincial level can be predicted according to the precision of poverty reduction policy and procedural guidance, adequacy and quality of information, the capacity of the provinces in adopting the PBBS in poverty reduction program implementation at the provincial level, and the Bureau of the Budget and other central agencies' facilitations.

These findings generally support the contention that procedural guidance and information factors affect the efficiency of decision making. These can be related to the rationality and incrementalism approaches developed by Charles E. Lindblom [9], the policy implementation model developed by Donald Van Meter and Carl Van Horn [18], and the work of Sabatier and Mazmonian [29]. However, the results of this factor are mixed. While the success of budget preparation and execution of the PBBS in poverty reduction program implementation at the provincial level requires high-quality and adequate information, precision of poverty reduction policy and procedural guidance could cause the lack of success of budget preparation and execution of the PBBS in poverty reduction program implementation at the provincial level. This negative relationship can be explained by three reasons; they are (1) policy is changed, whenever, it is implemented, (2) top-down policy is imposed without locality awareness,

and (3) resistance of top-down policy operation plan on the part of a community with a strong culture. According to the characteristics of the implementing provinces factor, the findings present adverse results to "A Model of the Policy Implementation Process" developed by Donald Van Meter and Carl Van Horn [18], the model developed by George C. Edwards [20], and the Management Model developed by Voradej Chandarasorn [21]. The research finding indicated that the strong capacity of provinces in adopting the PBBS in poverty reduction program implementation at the provincial level caused a lack of success of budget preparation and execution of the PBBS in poverty reduction program implementation at the provincial level because of lack of transparency, which opened up the possibility of the policy adjustment by bureaucrats. However, regarding the external factor, the strong performance facilitations of the Bureau of the Budget and other central agencies was highly related to the success of budget preparation and execution of the PBBS in poverty reduction program implementation at the provincial level. This phenomenon was consistent with "The Model of the Policy Implementation Process" developed by Van Horn and Van Meter [18].

In order to make the study's results more clearly understood, the relationships and the details involving the dependent variable and independent variable (accepted hypotheses only) are described as follows:

(1) Most provinces believed that the government poverty reduction policy was determined precisely, policy targets were precisely identified, and there were parties responsible for the poverty reduction policy. However, there were some problems concerning the comparison of the objectives of the poverty reduction policy.

For example, Saraburi and Chumphon had a very low score on “Precision of poverty reduction policy and procedural guidance.” Their scores were 3.133 and 3.18, respectively. At the same time, their total score on the success of budget preparation and execution of the PBBS related to poverty reduction program implementation was relative high; 56 and 55, respectively. Such phenomena can be explained by two interrelated reasons. First, experienced leaders in both provinces were able to have successful budget preparation and execution of the PBBS related to poverty reduction program implementation even though they believe that the poverty reduction policy is vague and unclear. Second, ambiguous and unclear government poverty reduction policies might make it possible for provinces to have a chance to prepare key features that are consistent with the requirements. Alternatively, there are varied levels of perception regarding the precision of government poverty reduction policy.

On the other hand, concerning the cases of Chanthaburi and Chachoengsao, they exhibited serious problems in preparation of the budget related to poverty reduction program

implementation. Chanthaburi had a score of 15 and Chachoengsao had a score of 19 in the level of success of budget preparation and execution of the PBBS. At the same time, they perceived a high level of precision regarding the government poverty reduction policy; the scores were 3.9 and 3.92, respectively. This might explain that the top-down constructed policy, with a narrow scope and lack of people’s participation from the local area of implementation, made it impossible for provincial officials to be able to translate strategies/policies and then link with their provincial action plans—thus a low level of success of budget planning and execution related to poverty reduction occurred.

In short, whenever the people perceived that the government poverty reduction policy was precise, the operators in the provinces hesitated to report their performance and financial status. This led to a shortage of feedback information in the process of budget planning and thus there was reluctance in determining key performance indicators; also, it was not possible to determine the success of budget preparation and execution of the PBBS.

(2) From the study, it became apparent that the provinces which had sufficient high quality information related to poverty reduction policy were able to have good budget planning and execution. Some examples are Mae Hong Son and Samut Songkhram. Mae Hong Son’s outstanding characteristic was to have information development that enhanced the

strengthening of poverty reduction program implementation. Mae Hong Son maintained different types of activities, such as knowledge management, networking, and a decision support system; thus they had sufficient high-quality information. At the same time, regarding the quality and accessibility of information, Mae Hong Son was in good position. On the other hand, it was found that Samut Songkhram has had experiences of failure in its information system. It has also faced difficulties in budget preparation and budget execution. According to the survey and documentary study, both community leaders and local people lacked learning experience; the learning society was incapable. Furthermore, there was no “people’s participation” in the process of data collection or data analysis. Local communities felt that poverty reduction program implementation was the responsibility of the government sector, not their responsibility. All decision making was determined by a specific time span; thus operations were conducted without a complete set of information. In short, as the respondents mentioned in the survey, they did not have enough information on poverty reduction policy.

(3) It was found that most provinces did not have problems with the number of officials, their skills, or time span, but they had problems with their financial resources and instruments and technology. Nakhon Phanom exhibited a high level of success in every part of its budget planning and execution related to poverty reduction program imple-

mentation, while it exhibited serious problems in every element of this variable. The respondents in Nakhon Phanom reported that their officials had a low level of skills in budget preparation and execution related to poverty reduction policy implementation. They also did not have enough instruments or technology, and there was a shortage of analytical skills, they had no experience in preparing budget proposals, and no skills in creating relationships among related issues. The budget preparation coaching procedures and recommendations were ignored.

On the other hand, Yasothorn showed really low scores in their success with budget planning and execution of the PBBS related to poverty reduction program implementation, while it exhibited a high score in capacity (an average score of 3.27), which was almost the highest score in capacity. The respondents specified problems with only one element of capacity, which was the number of officials; they also stated that they had really high skills in budget preparation and execution related to poverty reduction policy implementation.

From the document review, it was found that Yasothorn had strong communities which had developed for long time. The members of local communities come from 300 different groups. They work together, and the private development organizations also collaborate with the government in such activities. More than 30 networks implement programs. An integration mechanism was used by both the private and government sectors in poverty

reduction program implementation. Professional skills in budget planning and execution related to poverty reduction program implementation were developed in the “fast-track.” However, in fact, this did not lead to a high level of success in budget planning and execution; the province had really low scores. The reason for such phenomena is that the province has communities with a strong culture, and hence they adhere to their own believe in their own ways of operation. Thus, they do not think about changing in order to be consistent with requests.

(4) The results of the study show that the respondents believed in the roles, responsibilities, and quality of the guidance prepared by the Bureau of the Budget and other central agencies. On the other hand, there were problems concerning the availability and updating of documents, standards, and methodologies, and also with the central agencies’ assistance. Many provinces had high scores on the PBBS, and they also gave high scores to all of the elements of the central agencies’ facilitations. Additionally, many provinces gave really low scores to the central agencies’ facilitations, and thus they also had low scores regarding the PBBS.

Conclusions and Discussion

The results from empirical analysis indicated that provinces are more likely to have successful budget preparation and execution of the PBBS related to poverty reduction program implementation when they had

sufficient information and appropriate facilitation provided by Bureau of the Budget and other central agencies. However, the more precise poverty reduction policy could cause a lower level of success with budget preparation and execution of the PBBS related to poverty reduction program implementation. An explanation for the negative results can be found in the following: first, budget preparation and execution of the PBBS are conducted by plural actors and at multiple levels. Although the precision of policy is presented, implementation is viewed as an evolution. The policies are changed whenever it is implemented. Second, top-down policies are imposed from the centre, without awareness of perception at the local level. And last, strong community cultures resist top-down operation plans. Further, the high capacity of a province in adopting the PBBS could lead to unsuccessful budget preparation and execution of the PBBS related to poverty reduction program implementation. An explanation is that transparency is a cause of this negative relationship. The lack of a transparent set of outcomes and less supervision lead to a broad interpretation of goals, whereby bureaucrats have the chance to take advantage in order to create policies that meet their own interests.

Therefore, in order to have successful budget preparation and execution of the PBBS related to poverty reduction program implementation, recommendations have been placed into three groups. First, recommendations for policy makers/government include the

following: (1) to provide comprehensive and general information, rules, and regulations to the scrutiny committees and subcommittees; (2) to strengthen the capacity of provinces by preparing administration and personnel/officials to fit with the principles of the PBBS; (3) to set up an independent information agency in order to collect and compile data and then generate the available information to other related agencies; (4) to support related ministries/agencies in the development of an integration plan for poverty reduction strategies that can be linked to service delivery targets; (5) to focus on the capacity of agencies and provinces; and (6) to assist both provinces and central agencies in terms of communication devices, cooperation improvement, guidelines, and standard production. Second, recommendations for the provincial executives and

officials include the following: (1) to seek knowledge and technology; (2) to recognize the importance of the requirements of the central agencies; (3) to be open to the results of research studies in order to use the lessons learned for further development; and (4) to open their minds to change. And last, recommendations for the Bureau of the Budget include: (1) distributing sufficient information and facilities to the provinces; (2) continuously providing training programs which cover all critical issues; (3) strengthening PBBS standards, (4) setting up an information management system through the cooperation of both private parties and the government sector; and (5) promoting its own roles and responsibilities through communications, assistance, and relationships with other related agencies.

References

- [1] Tippawan Lorsuwannarat. (2002). Budget Reform Implementation in Thailand. In 48th *Executive Council Meeting and Seminar on "Government as Partnership: State, Civil Society, and Market Organization"*, Nov. 12, 2002. Bangkok: Eastern Regional Organization For Public Administration (EROPA). Retrieved May 13, 2009, from http://gspace.nida.ac.th/Dr_tippawan/otherarticle/BudgetReform%20inThailand_case-of_Budget_Preparation_in_Fiscal_Year_2003.pdf
- [2] Dixon, Geoff. (2005, February). Thailand's Quest for Results-Focused Budgeting. *International Journal of Public Administration*. 28: 355-370.
- [3] Somnuk Phimolsathian. (2005). Budgeting in Thailand. In *The ASEAN Workshop on Strategic Based Budgeting, April 28-29, 2005*. Bangkok: n.p.
- [4] Warr, Peter. (2004, April). Globalization, Growth, and Poverty Reduction in Thailand. *ASEAN Economic Bulletin*. 21: 1-18.
- [5] National Economic and Social Development Board. (2004). *Poverty in Thailand*. Bangkok: NESDB. Retrieved August 20, 2008, from [http://cmapspublic.ihmc.us/rid=118761517254_2_1016198773_33133/Poverty%20in%thailand\(eng\).pdf](http://cmapspublic.ihmc.us/rid=118761517254_2_1016198773_33133/Poverty%20in%thailand(eng).pdf)

- [6] Haveman, R.H. (1970). *The Economics of the Public Sector*. New York: Wiley.
- [7] Musgrave, R.A. (1939). The Voluntary Exchange Theory of Public Economy. *Quarterly Journal of Economics*. 53: 213-237.
- [8] Bowen, H.R. (1948). *Toward Social Economy*. New York: Rinehart.
- [9] Lindblom, C.E. (1959, Spring). The Science of Muddling Through. *Public Administration Review*. 19: 77-88.
- [10] Simon, H.A. (1957). *Administrative Behavior: A Study of Decision Making Processes in Administrative Organization*. 2nd ed. New York: Free Press.
- [11] Wildavsky, A. (1979). *The Politics of Budgeting Process*. Boston: Little, Brown.
- [12] Fenno, R. (1966). *The Power of the Purse*. Boston: Little, Brown.
- [13] Davis, O.A.; Dempster, M.A.H.; & Wildavsky, A. (1966, September). A Theory of the Budgetary Process. *American Political Science Review*. 60: 529-47.
- [14] Imbrahim, M.M.; & Proctor, R.A. (1992). Incremental Budgeting in Local Authorities. *The International Journal of Public Sector Management*. 5: 11-26.
- [15] Arrow, K.J. (1974). *The Limits of Organization*. New York: W.W. Norton.
- [16] Williamson, O.E. (1975). *Market and Hierarchies: Analysis and Antitrust Implications*. New York: Free Press.
- [17] Horn, Murray J. (1955). *The Political Economy of Public Administration: Institutional Choice in the Public Sector*. New York: Cambridge University Press.
- [18] Van Meter, Donald S.; & Van Horn, Carl E. (1975, February). The Policy Implementation Process: A Conceptual Framework. *Administration and Society*. 6: 445-487.
- [19] Sabatier, Paul; & Mazmonian, Daniel. (1979, Fall). The Conditions of Effective Implementation: A Guide to Accomplishing Policy Objectives. *Policy Analysis*. 5: 481-504.
- [20] Edwards, G.C. III. (1980). *Implementing Public Policy*. Washington, DC: Congressional Quarterly Press.
- [21] Voradej Chandarasorn. (2005). *An Integrated Theory of Public Policy Implementation*. Bangkok: Sahai-Block Printing. (In Thai)
- [22] Pressman, J.; & Wildavsky, A. (1973). *Implementation*. Berkeley: University of California Press.
- [23] Williams, Walter. (1975, Summer). Implementation Analysis and Assessment. *Policy Analysis*. 1: 154 - 189.
- [24] Gross, N.; Giacquinta, J.V.; & Bernstien, M. (1971). *Implementation Organizational Innovations: A Sociological Analysis of Planned Educational Change*. New York: Basic Books.

- [25] Ripley, R.B.; et al. (1973). *Structure, Environment, and Policy Actions: Exploring a Model of Policy-Making*. Beverly Hills: Sage.
- [26] Voradej Chandarasorn; & Likhit Dhiravegin. (1987). Policy Implementation in the Thai Public Bureaucracy. *The Southeast Asian Journal of Social Science*. 15(2): 96-106.
- [27] Stein, R.M. (1984). Policy Implementation in the Federal Aid System: the Case of Grant Policy. In *Public Policy Implementation*. Edited by G.C. Edwards. Washington, DC: Congressional Quarterly Press.
- [28] Cheema, G. Shabbir; & Rondinelli, Dennis A. (1983). *Decentralization and Development: Policy Implementation in Developing Countries*. Beverly Hills: Sage.
- [29] Sabatier, Paul; & Mazmonian, Daniel. (1980, January). The Implementation of Public Policy: A Framework of Analysis. *Policy Studies Journal*. 8: 538-560.