

Kingdom of Cambodia  
Nation Religion King



Non-Bank Financial Service Authority  
Internal Audit Unit



# The Excellence of Operation Management



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## Introduction

For the long term and successful operation, the organization requires a highly strong internal control system, in which operation management is an important part of assisting the organization in monitoring and verifying the responsibilities of its own framework activities in efficiency, effectiveness, and economy to ensure the organization has integrity, strong, and highly trust by the stakeholders. An organization which has a strong operation management can prevent, manage risk, reduce the burden of discipline, build the organization's reputation, and earn public confidence.

According to global economic integration, there has been a movement of major investors to change their policies to expand their business scope to potential countries and partners around the world. Through this huge change, it has had a significant impact on the economies of several countries in Asia, including Cambodia. In fact, the market in Cambodia is currently also very large, as the Royal Government has continuously strived to expand the market through free trade with major economies. According to the momentum of national economic growth of the market in Cambodia in recent times, it has created opportunities for doing various businesses, which has also attracted many foreign companies and investors to start business operations and invest in major sectors in Cambodia.

However, this does not mean that all of these businesses are successful. In fact, according to the summary report on the main achievements of the Ministry of Industry, Science, Technology and Innovation for the past five years (2017-2021), there were 1,107 new factories in the past five years, as of the end of July 2022, while 682 factories closed down. The success and failure of these businesses depend on the internal control system to manage operations, which is the main line leading to the achievement of the objectives, missions, and visions that the company has set out effectively, efficiently, and economically.

Although many companies have successfully expanded their markets in potential countries around the world, some have not been successful in meeting their goals, and some have even declared bankruptcy. Take the case of Lehman Brothers, which was founded by Henry Lehman in 1844 and soon acquired by his brothers Emanuel and Mayer, who in 1850 renamed the company Lehman Brothers. Lehman Brothers successfully operated its business and expanded its business scope both domestically and internationally to become the fourth largest company in the United States with 25,000 employees worldwide. After the global financial crisis, inflation occurred in major economies, which severely affected the company's revenue. This serious impact prompted the company to decide to reduce its workforce. In addition, the interest rates that customers had to pay back to the company on time and some customers were unable to repay their mortgages to the bank. During that time, banks seized homes from defaulting customers and sold them to raise money to support the company's operations. However, things didn't go as planned. The homes seized from defaulters were unable to find a market to sell,

leaving the bank with no money to pay interest to depositors, which led to Lehman Brothers declaring bankruptcy on September 15, 2008, despite the company having been in business for 164 years.

Particularly, the public sector in Cambodia has been remarkable growth, which is due to good governance. Governance reforms have made significant progress, including the implementation of public administration reform, public finance reform programs, sub-national democratic reforms, the fight against corruption, legal and justice system reforms, and improving the quality and efficiency of public services at both the national and sub-national levels. Through good governance, many organizations have progressed, including better collection of national resources, reduced waste of resources, reduced corruption, and improvements in many other areas. All these factors have made public organizations stronger. Therefore, the Royal Government has included good governance as one of the other key goals in the Rectangular Strategy. Good governance and economic growth are considered the backbone of the growth of each organization.

At the same time, the Non-Bank Financial Services Authority has also made remarkable progress, even though the organization has just been established with the existence of an internal control system, clear mechanisms and procedures, and good governance. The Internal Audit Unit has also contributed to this progress by monitoring the internal control system in all units under the Non-Bank Financial Services Authority.

Having a strong internal control system helps an organization's operations to grow and achieve its goals, vision, and mission. On the other hand, if the organization does not have a strong operating system, the organization may face risks that can seriously affect its operations. At the same time, public and private organizations need a strong internal control system to ensure the smooth operation of public services and provide confidence to the public. Seeing the benefits of such operation management, the Internal Audit Unit of the Non-Bank Financial Services Authority (FSA) has studied and developed the excellence of operation management to show readers about the experience of effective, efficient, and economical operation management.

## **Chapter 1 Background and Establishment of Operation Management**

### **1.1. Establishment of Operation Management**

In general, whether public or private organizations shall have operation management. Operation management has been used since ancient times, starting around 5000 BC when the Egyptians developed a system of recording inventories, loans, taxes, and business transactions. Then, in 4000 BC, the Egyptians began to use planning, organizing, and controlling in large projects such as the construction of the Pyramids of Egypt, etc. In particular, the Chinese also mobilized labor to build the Great Wall of China. Both of these major achievements reflect the practice of skilled operation management that has been around since ancient times. Later in Europe, from 1300 AD until before the Industrial Revolution

in 1750, everyone lived and worked in rural areas, however, the development of infrastructure also played a significant role. For example, in 1285, King Edward II began to pass the first laws regarding road maintenance to facilitate the management of the supply and distribution of goods or services.

### **1.2 Establishment of Operation Management in Cambodia**

The Mahanorkor period is a period that all Khmer people remember and recognize as the most glorious era in history. The development of that period was due to the king who was full of ability to rule the country. At the same time, the Khmer people were hardworking and creative with the greatest ambition, which was to make progress in all fields and prosperity in all areas. As a testimony, we see many temples built, especially Angkor Wat, built in the early 12th century, from 1113 to 1150. This magnificent construction proves that the Khmer had complete knowledge and skills in managing operations in large projects. At that time, water policy management was also carefully considered. As an example, the construction of the Baray, which involve the estimation of the land area to be removed for the excavation of the western Baray, was approximately 400,000 tons and took 2 years to complete such a large reservoir. At the same time, according to the records of Mr. Zhou Daguan and various inscriptions that have been found, it is estimated that there was nearly 1 million people living in the Angkor region at the end of the 13th century, of which 70 percent of the total population were farmers, so they needed water to serve the agricultural sector, supply daily needs and use in various programs. The effectiveness of good water management led Cambodia at that time to receive abundant crops, and the growth of agriculture and handicrafts could supply domestically, including exporting to foreign countries such as Siam, China and India.

### **1.3 Development of Non-Bank Financial Sector**

Non-banking financial services have been developed since ancient times, but there is no separate terminology for each sector. According to the memoirs of Mr. Zhou Daguan, entitled “Traditions of Chenla Residents,” he praised the Khmer people, especially women who were skilled in trading. Therefore, the Chinese always wanted Khmer wives so that trading was profitable because Khmer women were good at business. Every day, they sold from dawn to afternoon before stopping, but at that time there were no beds or houses yet, and they always spread mats directly on the ground. He also mentioned that at that time, land rent was paid in money to officials. Small businesses traded rice and products from China, while large businesses traded gold and silver. Today, the above exchange can be called the securities sector. Moreover, during the reign of King Jayavarman VII, with his patriotic ideals and love for the people at the end of the 12th century, he organized the construction of hospitals throughout the Khmer Empire, with 102 hospitals and 121 Dhamma Sala or guesthouses, and people of all classes could go to receive treatment without discrimination. In those hospitals, there was a slogan: ...'The suffering of the people pain the king more than his own suffering, because the suffering of the



people is the suffering of the kings.' In addition, the doctors knew the symptom of the diseases and could cure them using herbal medicines available in the country. During the Angkor period, there were colleges and universities that were nurseries for cultivating knowledge. Moreover, women of that time were also well-educated. In fact, Princess Indradevi, the wife of King Jayavarman VII, was well-versed in literature, Sanskrit, and other sciences, and was appointed as the rector of a university named Tilkutphar. This shows that the service sector has been growing since ancient times.

Under the peaceful leadership of the Royal Government led by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, the growth and consolidation of the non-banking financial sector has been witnessed after the King promulgated the Law on the conduct of the Non-Banking Financial Services Authority on January 16, 2021. Article 1 of the above law establishes the Non-Banking Financial Services Authority (FSA), chaired by His Excellency Dr. Aun Pornmoniroth, Deputy Prime Minister, Minister of Economy and Finance and Chairman of the FSA. The authority is independent in performing its functions by integrating the mechanisms of management and supervision of the non-banking financial sector with the aim of strengthening and ensuring the effectiveness of management, supervision and development of the non-banking financial sector, including promoting the development and use of financial technology in the non-banking financial sector in the Kingdom of Cambodia. The non-banking financial sector includes the insurance sectors, securities sector, securities sector, social security sector, trust sector, accounting and auditing sector, real estate and pawn shop sector. Under the careful leadership, the non-banking financial services sector is continuously developing.

#### **1.4 Evolution of operations management**

Operation management emerged in the 20th century, which can be traced back to the 18th and 19th centuries, before the Industrial Revolution and it has been continuing into the 21st century, operation management has developed continuously. In the 18th century, operation management was studied by the Scottish philosopher Adam Smith, who wrote about it in his book "The Wealth of Nations", in which he described the division of labor. According to Smith, if workers were divided into clear tasks, they could do their work more efficiently than the same workers in the production line. The idea was later used by Henry Ford during the Industrial Revolution. Machinery allowed factories to increase their capacity and output dramatically. Despite this growth, there were also inefficiencies in production. Later two individuals, Frederick Winslow Taylor and Ford, helped overcome these inefficiencies in the early 20th century. Taylor developed a method for operations management, collecting data about production, analyzing the data, and using it to improve operations. Ford increased production efficiency through assembly lines and improved the supply chain through Just in Time delivery. Later, technological developments during World War II created new possibilities for managers seeking to improve their operations. In particular, the development of computer technology enabled a

higher level of data to be analyzed. The capabilities of computers have increased steadily, leading to a high level of data analysis and communication that was extremely useful for operation management.

## Chapter 2: Operation Management Overview

### 2.1 Definition

#### A. Management

Management is the process of using resources or managing resources to the best of one's ability to achieve specific organizational goals effectively and efficiently.

Management has the following main functions:

1. Planning
2. Organizing
3. Leading
4. Monitoring

#### B. Operation

Operations refers to the functions of an organization, where operations functions refer to activities that focus on producing goods or services. Operations include the process of converting raw materials into finished products. In general, operations refer to any set of activities that an organization performs to achieve a specific result.

The main functions of operations include:

1. Monitoring and supervising the performance of employees
2. Transmitting instructions and decisions from management to employees
3. Quality assurance
4. Risk reduction

#### C. Operation Management

Operation management refers to organization's performance to achieve maximum efficiency and effectiveness in terms of resource utilization. Operation management involves the actions, decisions, and responsibilities of organizational managers to ensure the products and services that are provided by the organization to customers are of high quality and benefit.

### 2.2. Objective

The purpose of operation management is to promote the governing with the efficiency, effectiveness and economical.



## Objective of Operation Management



Figure 1: Purpose of operation management

### A. Effectiveness

Effectiveness refers to the achievement of goals and objectives by using defined resources and achieving the expected outcome. Goals and Objectives (Output) is something that is visible (tangible) while the expected result (Outcome) is invisible (abstract) that requires measurement.

#### Example:

1. The hospital aims to treat 100 people. If it treats 100 people (Output), is that 100 people really healthy after treatment (Outcome).
2. If training course is organized, the result (Output) and achievement of the person participating in the training course will be clearly understood (Outcome).

### B. Efficiency

Efficiency refers to the achievement of reaching of the maximum goal with the defined resources or achieving the set goals using fewer resource than the defined resources. In this sense, efficiency or effectiveness means achieving higher-than-expected results with defined resources, in other words, the same resource (Input) has higher output (Output) or use less resources but achieve the same goal or achieve higher goals with the set resources.

#### Example:

1. One hectare of farmers used to make 3 tons, but now one hectare produced 5 tons. In another case, 10 farmers can grow 10 tons of rice, but now 7 farmers can grow 10 tons of rice as well.
2. The Regulators used to conduct onsite inspection on 20 companies per year by using 10 inspectors. Currently, the regulators can inspect 25 companies per year by using 10 inspectors.

### C. Economy

Economy is minimizing the cost of resources that resources used should be within a set period of time, with quality, appropriate amount, and good price.

The concept of economy clearly explains that economy of operation is really important for all public organizations. Often, the challenge for public organizations is how to use the public budget economically.

**Example:** To determine whether the licensing process is economical or not, it requires auditors to select a similar entity that performs the same licensing and compares the cost.

### 2.3 Objectives of Operation management

Operation management is the activities that management sets out to enhance the assurance that a set goal can be achieved. Therefore, operation management has three goals:

- Increasing effectiveness
- Increasing efficiency
- Increasing economy.

### 2.4 Benefits of Operation Management

Operation management have benefits for organization to achieve an effective and efficiency management and implementation of functions and tasks, including:

- Increase the public trust
- Minimize unnecessary cost
- Increase profits for the organization.

### 2.5. Operating Costs

When an organization launches an operation, there are always costs associated with that operation and operation management costs, which are divided into two categories:

#### A. Actual cost

Actual costs refer to the costs that support the operation of the organization itself, including the cost of infrastructure, salaries, costs for setting up a control system, costs for the implementation of any activity, costs of equipment, and the cost of fuel, utilities.

#### B. Opportunity cost

Opportunity cost refers to the cost of an option or other opportunity that is sacrificed to be able to select or execute an operation. For every launch, there is always the opportunity to make a difference. If the organization does not launch any of the selected operation, the organization may use the resources to be spent on any other operations.

### 2.6 Challenges to the implementation of Operation Management

In the implementation of operation management, there are always have some challenges that need to be solved related to:

#### A. Human Resources

An important driving force of the organization in the process of implementing plans and daily work. Therefore, the organization must pay the utmost attention to human resources, with the incentive support local and international training to have the opportunity to gain new experience, knowledge and skills.

#### B. Skills

To improve the efficiency towards the achievement of the organizational plan, the professional in charge of implementation is very important, because every aspect of the implementation of the

organizational plan requires specific skills to implement those goals such as accounting, management, financial, law, communication, teamwork, leadership, problem solving and more.

### **C. Incentive System**

The incentive system is part of the promotion of incentives that promote performance, duties and responsibilities of officials performing quality, efficiency, and effectiveness task in the organization. The incentive system includes appreciation, appointment, promotion and other benefits to the officials.

### **D. Working environment**

The work environment is where the officials work on a daily with full of comfort, harmony, good work standards, adequate work equipment, security system, and insurance.

### **E. Willingness**

Officials shall have a high sense of duty and responsibility, which means that officials shall physically and mentally show self-reliance of the work.

### **F. Technology system**

Technology systems is an important role to develop and facilitate the deployment of organizational operations and operation management processes. Technological advances have brought many potential benefits to organization, however there are risks associated with these technologies that are capable of implementing them. Therefore, an organization needs to pay attention to the development of new technology systems and has the skills and abilities to use them.

## **Chapter 3: Operation Management Planning**

### **3.1 Basic Concepts of Operation Management Planning**

Operational planning is a management function that deals with setting goals for the performance of the organization in future and deciding on the work and resources needed to achieve those goals and achieve a specific outcome in over time. An action plan is the process of setting goals and objectives of an organization, developing good procedures and methods to implement how to achieve those goals and objectives.

#### **A. Planning Overview**

The planning outlines the activities and goals that the organization will implement to work towards the achievement of the objectives and vision stated in the organization development plan, focusing on the results of the expected, monthly, quarterly, semester and annual results. In addition, it is the process of convert an organization development plan into a detailed map of activities that clearly outlines the activities that will be performed on a daily and weekly. The plan is in detail with highlighting who, what, where and when to perform daily task. The head of the organization shall ensure that the

managements at all levels shall have a clear understanding of what the organization needs to do now and in the future in accordance with the organizational development plan to achieve its priorities.

A plan is a short-term, medium-term, and long-term vision of an organization, and the plan outlines the areas for which it is responsible for implementation by the department under organization. At the same time, the department also needs to develop its operational plan by detailing the activities, timelines, expected results, specific outcome indicators as part of the organization's vision. An organization has many activities to support the overall tasks in achieving its mission. The operation management action plan, monitoring, evaluation and convert into practical activities are necessary parts of work for any development activities to be implemented in a realistic manner, thus we need to plan accurately, clearly and precisely.

Planning is the process of communication and agreement between the person in charge and the management for the future planning that the organization aims to happen with alignment of goals and objectives of the organization.

The plan is also designed to provide orientation, mitigation, reduction of risk levels, reduction of multiple change plans, minimizing unnecessary cost, setting standards to facilitate monitoring and evaluating.

Without a plan, we will not be able to carry out our activities efficiently, effectively and economically, and the official in charge will not know when to do it. To have updated plans, it allows official in charge to have broader understanding of goals, and have a clear roadmap.

### **B. Planning methods**

There are two methods as follow:

**Top-down methods:** Top management set common goals and allow middle manager to develop plans, conditions, and methods to implement them.

**Down-top method:** The plan is planned and developed by the middle manager and then submitted to the top management.

Planning can come from expected results, means getting explain the reasons and timelines, as well as the steps for planning, identify activities and develop indicators to measure the results achieved.

## **3.2 Importance of operational planning**

Planning provides an important function for implementers, including:

**A. Provide direction:** Planning is important to help practitioners know exactly the goals or objectives they want to achieve in the plan.

**B. Coordinate:** Planning can link all of your efforts to implement coordination activities to do something with stakeholders.

**C. Provide a standard:** Planning allows you to know the size of the operation that can help you define and provide a specific standard in the operating plan.

**D. Confirmation:** Planning can provide a clear of the objectives, activities, and resources that practitioners need to know before doing.

**E. Preparation:** Planning provides the leaders of the organization and the practitioners with tools to deal with the problem. Factors that affect the risk of problems include:

**Internal organization**

- organization leadership
- Human resource capacity
- Reserve or reserve capital of the organization
- Management style - organization culture
- Technical skills, initiatives, motivation

**External organization**

- Public
- Government policy and strategic plan

**Indirect effects, which are factors that influence caused by**

- Social factors (humanity, religion, customs, traditions ... etc.)
- Economic factors
- Political factors
- Scientific, technical factors.

**F. Motivation:** Planning encourages success in the implementation of the plan.

### 3.3. Types of operational plans

Planning should focus on alternative work issues, such as an action plan as a short-term or medium-term activity, and clearly define the implementation period and use it as an experience for other activities. For contingency plans or contingency plans designed for economic change and economic crisis and inflation, or to deal with rapid climate change, practitioners can work on a contingency plan. There are three types of planning:

**A. Long-term planning**

Long-term planning includes strategic plans or organizational development plans. This long-term planning is a planning that focuses on achieving the goals and objectives of the organization, and the implementation of this activity usually takes 5 years or a maximum of 10 years. Long-term planning is designed to ensure the sustainability of the organization.

**B. Medium-term planning (3 years)**

Medium-term planning, three-year rolling plan, or strategic plan is the planning that focuses on achieving goals and objectives of the organization, and the implementation of this activity usually takes two or three years. This medium-term planning helps management and officials in charge to have better

understand the efficient use of resources, clearly identify the most important resource needs, minimize risks when possible, and plan contingencies when necessary.

### **C. Short-term planning (1 year)**

Short-term planning is called action planning, which is the planning of activities that focus on achieving goals, objectives, and the implementation of this activity usually takes 12 months or less. However, this should determine the daily, weekly, monthly, even quarterly and annual performance of all the official in charge can be considered as short-term plan.

### **3.4. Fundamental components of Operational Plan**

A plan is a detailed plan of what needs to be done over a period of time. Steps to create a plan (1). Review the goal and SWOT analysis, (2). Should write down all the actions that the organization needs to do to reach the target strategy of the organization, (3). The person in charge or team in charge, (4). The resources needed to accomplish each activity and what will be needed, (5). Setting timelines of each activity and (6). Every week following-up action plan. The steps of effective planning are as follows:

- Identify key activities and priorities
- Set objective
- Determine the expected result / indicator / measurement method as a measure:
  - Define the implementation of activities to achieve the objectives
  - Confirm the evidence stating the purpose and results obtained, such as quantity, quality, time and place.
  - Provide a basis for monitoring and evaluating
  - Have specific, measurable, achievable, realistic/relevant, and time-bound
- Identify verification methods, sources of information that tell us the evidence that the objectives have been achieved and where we can find the data needed for verification
- Define timelines
- Identify responsible parties/coordination needs
- Identify human resources

The stages of strategic planning include:

- Setting goals
- Defining current direction and strategy
- Analyzing the working environment
- Analyzing human resources
- Identifying opportunities and threats
- Determining the size of strategic change
- Making strategic decisions



- Implementing strategies
- Monitoring the process.

## **Chapter 4: Organizing Operation Management**

Organization management shall prepare and assign an official in charge of operations management, as he/she will be responsible for organizing and coordinating operation management tasks and this person is the core person of the Organization. Therefore, the appointment of the official in charge of operation management is an important task, and this chapter will explain the structure, roles, duties, and responsibilities of the official in charge of operation management.

### **4.1. Structure of Operation Management**

The structure of operation management should be clearly defined to ensure efficiency, effectiveness, and economy in accordance with operation management plan in the organization. The official in charge of operations holds a position in an organization with legal authority to perform functions, duties, responsibilities, monitoring, decision-making, analysis, and results. The official in charge of operation management plays the most important role and usually is in the position of department management. The official in charge of operation management shall supervise the areas in charge within the organization to ensure efficiency, effectiveness, and economy. In general, the official in charge of operation management has three (3) fundamentals as follows:

#### **A. Preparation of Action Plans**

The official in charge of operation management shall prepare action plans according to the areas in charge, defining specific actions to meet the objectives of the organization. The official in charge of operation management shall evaluate various plans before deciding on a specific activity, check whether the selected activity is consistent with the organization's stated objectives. Action planning is considered as the core task of operation management because other core tasks depend on this action planning.

#### **B. Arrangement and Management**

The official in charge of operation management shall arrange and manage the officials in charge of implementing the work according to the set action plan. The official in charge of operation management shall decide on the clear division of duties and responsibilities to the officers in charge of implementing each task. The arrangement and management of an official in charge of implementing task shall be prepared in accordance with the capabilities, professional skills, and experience.

#### **C. Leading**

The official in charge of operation management shall lead and guide the official in charge of implementing daily tasks. In leadership, the official in charge of operation management shall guides,

trains, and motivates the official in charge of performing the work to increase their capabilities and responsibilities. In order for the leadership or guidance of the official in charge of operation management to be highly effective, the official in charge of operation management shall regularly monitor and control the official in charge of implementing tasks.

The official in charge of operation management should have abilities, characteristics, knowledge, and professionalism as following:

**A. Knowledge and Experience:** The official in charge of operation management should have management skills and sufficient knowledge related to the work activities. The official in charge of operation management should also have the ability to train and the ability to monitor, control, and assess risks.

**B. Leadership:** The official in charge of operation management shall lead and promote the effort of official in charge of implementing the tasks to achieve the goals and objectives of the organization. The official in charge of operation management shall have skills in leading, coordinating and building consensus among officials, making decisions, understanding organizational policies, procedures, and work processes, monitoring and controlling, and evaluating a team in the organization.

**C. Strategic Planning:** As a official in charge of operation management shall have skills and strategies to exam and understanding for making strategic plans for the organization.

**D. Analytical skills:** In addition to planning, the official in charge of operation management shall have the ability to analyze, monitor, and evaluate the plans that the organization has put into practice in order to determine and measure effectiveness and efficiency.

**E. Problem-solving Skills:** The official in charge of operation management shall have skills to identify potential problems. Beyond identifying problems, the official in charge of operation management should be able to solve problems and find practical solutions. Good operation management is about turning problems and risks into opportunities for organizational development.

**F. Communication Skills:** The official in charge of operation management shall know how to communicate effectively. The official in charge of operation management shall directly communicate with the officials in charge of implementing tasks.

**G. Financial Literacy:** The official in charge of operation management shall oversee the process of preparing financial plans, budgets, and financial reports.

**H. Legal Literacy:** The official in charge of operation management shall have a basic knowledge of the laws and regulations that govern the operations that can allow the official in charge of operation management to identify conflicts of interest and non-compliance with regulations and so on.

## 4.2. Roles and Responsibilities of the official in charge of operation management

Planning is one of the primary roles of the official in charge of operation management because planning involves determining detailed work activities and using appropriate resources to achieve the organizational goals and objectives within a specific time frame. Therefore, the official in charge of operation management shall prepare a plan with clear indicators and expected results. All officials can effectively, efficiently, and economically perform their task by using the plan base according to the work activities and timeline that has set in the plan.

The official in charge of operation management shall organize and allocate work and assign officials in charge of performing tasks appropriately according to the official's knowledge, skills, and experience. To achieve all of the organizational goals set out in the plan, it is required that specialized officials participate in implementing the task. Therefore, the official in charge of operation management shall clearly organize and assign officials in charge of implementing each task.

The official in charge of operation management shall regularly coordinate and monitor the implementation of the tasks. In cases where the performance of the officials in charge is not yet good, the official in charge of the operation management can provide feedback and make additional recommendations to ensure that all officials in charge can perform according to plan and operational procedures to achieve the expected results in an efficient, effective and economical manner.

The official in charge of operation management shall evaluate the task performance of the officials in charge with the set plans by assessing whether the officers have effectively, efficiently, and economically implemented all work activities? Did the officials perform their work according to the organization's standard of operation or mechanisms? And did they achieve the organizational goals?

## 4.3. Responsibilities of the Operational Manager

The Operational Manager is responsible for a number of tasks:

- Prepare long-term, medium-term and short-term plans
- Lead, guide and monitor the performance of officials
- Coordinate with relevant departments to ensure that the expected results are achieved corresponding to the plan
- Make decisions regarding the organization's strategies, policies, and plans
- Monitor, follow up, and evaluate the organization's plans
- Promote the organization's vision and mission to maintain the ethics and task performance
- Monitor budgeting, reporting, planning and audit task
- Ensure compliance with laws and regulation
- Develop, review and implement various operational procedures and policies

- Facilitate partnerships and collaboration with relevant organizations
- Act as a communication channel between leaders and officials within the organization
- Understand issues that may affect the organization and opportunities for organizational development
- Review and promote the training of the organization's officials to respond to actual needs.

## Chapter 5: Fundamentals of Operation Management

The fundamentals of operation management include four key elements: Planning, Organizing, Leading, and Controlling.

### Operation Management Process



Figure 2: Operation Management Process

### 5.1. Planning

Planning is the process of setting organizational goals and deciding on the best methods to achieve those goals. The plan is designed to provide orientation, reduce duplication, mitigation, minimize unnecessary cost, and set timelines and standards to facilitate implementation and monitoring. Organization without planning will not be able to achieve goals efficiency and effectiveness.

#### 5.1.1. Planning Methods

There are two planning methods as follow:

- **Top-down method:** Top management sets common goals and then allows each middle manager to develop plans within those conditions.
- **Down-top method:** The plan is planned and developed by the middle manager and then submitted to the top management.

Planning can come from expected results, means getting explain the reasons and timelines, as well as the steps for planning, identify activities and develop indicators to measure the results achieved.

### 5.1.2 Fundamental components of Planning

The planning function requires managers to make decisions on four fundamental components of planning as follow:

- 1. Objectives:** Refer to an activity or condition that the operational manager expects to achieve or obtain in the future. There are three characteristics of objectives such as priority, timeline, and measurement.
- 2. Activities:** Refer to specific means or action plan to achieve the objective.
- 3. Resources:** Refer to the limitation that is set for the measures and activities associated with the budget plan. The plan shall specify the type, quantity, and potential sources and shall specify the resources to be put into the planned measures. Management can choose the type of budget that is suitable for organizational needs.
- 4. Implementation:** Refer to the appointment and direction of officials to implement the plan.

### 5.1.3. Means of Planning

To achieve successful planning and implementation, all business shall apply several means as follow:

- **Budget:** Refer to numerical plan that allocates resources to achieve set goals.
- **Working schedule:** Refer to table that shows the activities to be carried out, the sequence of activities, and the officials responsible for carrying out the work activities. After the budget, the working schedule is also an important part of the plan for its most effective use.
- **Norms:** Refer to criteria that are established to compare with actual and measurable results.
- **Policy:** Refer to general pattern of operations and decision-making to follow.

## 5.2. Organizational Structure Preparation

Planning is the most important function in the operation management process, but if you rely on one plan alone, you will not be able to achieve the organization's goals. It requires human resource and other resources to implement the plan for achieving the organization's goals. The next step in operation management is organizational structure preparation.

Organizational structure preparation is the process of organizing and allocating roles, authority, and resources among an organization's officials. Organizational structure preparation is the proper organization of tasks, with clear procedures and tasks, and accurate assessment of officials capabilities to be organized according to each field, not only are the appointment arranged to facilitate communication and ensure the effectiveness.

The process of organizational structure preparation consists of steps as follow:

- **Step 1:** Review the plan and objectives
- **Step 2:** Identify activities
- **Step 3:** Classify activities

- **Step 4:** Assign tasks and delegate authority to officials in charge
- **Step 5:** Prepare a hierarchy of work.

Having an organizational structure is very important because it guides all officials to have communication, formal reporting, and workflow management.

The following will highlight the importance of having proper organizational structure:

#### **5.2.1. Precise Communication**

Officials can easily communicate with each other, as all officials will know whom to report on work progress. In addition, it also facilitates better decision-making through the flow of information from officials to leaders who are responsible for decision-making.

#### **5.2.2. Growth and Success Advancement**

The organization will quickly grow and achieve success because it can use the human resources properly and can be assigned according to the capabilities of each officials, in line with what they can do best or what they are talented in.

#### **5.2.3. Achievement of Organizational Goals**

Organization with proper organizational structure will easily achieve those goals because it helps to identify the talent and creates a scope for that talent in the organization.

#### **5.2.4. Active Participation Enhancement**

Proper organizational structure allows officials to have better understanding of how to do their jobs in line with vision and mission and it also gives them more clarity and is able to deliver expected results and work well as a team.

### **5.3. Leading**

Leading is an important function that is necessary to achieve the organizational goals. The leader is a role model for all officials in the performance of their duties and is an influencer with the authority to determine the organization's procedures, policies, and plans.

Setting a vision and commitment from managers is a key driver that is essential to helping an organization growth. The willingness and commitment of managers ensures that the implementation of the organization's plans achieves the expected results with the participation of officials at all levels. On the other hand, if managers do not have high willingness and commitment, then the implementation of the organizational plan will not be successful.

The qualification of manager is follows:

- Focus on the results
- Solve the problem
- Receive additional learning from surrounding



- Understand the surrounding environment and its impact
- Think critically and plan strategies
- Create standards and ways to perform work better
- Develop and have a changing perspective.

Managers are divided into three different types as follow:

- Strategic managers are senior leaders of the organization who shall consider strategy, policy, vision, knowledge, negotiation skills, external understanding, and social understanding.
- Team manager is a middle leader who has the skills to communicate with officials and lead the team to achieve the set goals.
- Technical manager are junior leaders who focus heavily on professional and technical skills.

#### 5.4. Monitoring and controlling

Monitoring is the ongoing process of collecting and analyzing data with the aim of detecting any unusual changes and finding ways to improve them in a timely manner to ensure that the action plan that has been put in place is achieving the organization's goals, Manager shall monitor by measuring actual results compared to the results set in the plan to see if there are any gaps. In case of a gap, the manager shall look at the challenges and find solutions.

The monitoring process is divided into 4 parts as follow:

- **Step 1:** Implementation standards refer to the use of detailed and clear standards so that manager and officials can determine that the work activities being carried out are in line with the set goals.
- **Step 2:** Performance measurement refers to monitoring the performance or operational results. Performance data can be obtained from three sources: written reports, oral reports, and direct observations.
- **Step 3:** Compare performance to standards refers to evaluating actual performance against the performance standards. In the comparison, the operational manager can see the deviation from performance to the performance standards. For some activities, small deviations from standards or norms are acceptable, but for others, there may be significant deviations, requiring the operational manager performing the monitoring and controlling work to carefully analyze and evaluate the results.
- **Step 4:** Taking corrective action refers to changing work activities to ensure that the work activities comply with performance standards and achieve high efficiency. In order to take corrective action, operational managers can motivate and encourage the official in charge of implementing to work harder and reorganize the working process.

#### The Monitoring Process



Figure 3: Monitoring process

## Chapter6- Fundamentals of Efficiency and Effectiveness Operation

To improve any work performance and ensure effectiveness and efficiency, the auditees are required for basics in performing a clear job including the division's roles and responsibilities, and specific work processes and regulatory frameworks for work performance, including guidelines, instructions and other regulations related to working performance.

These six fundamentals that ensure efficiency and effectiveness of operation as follow:

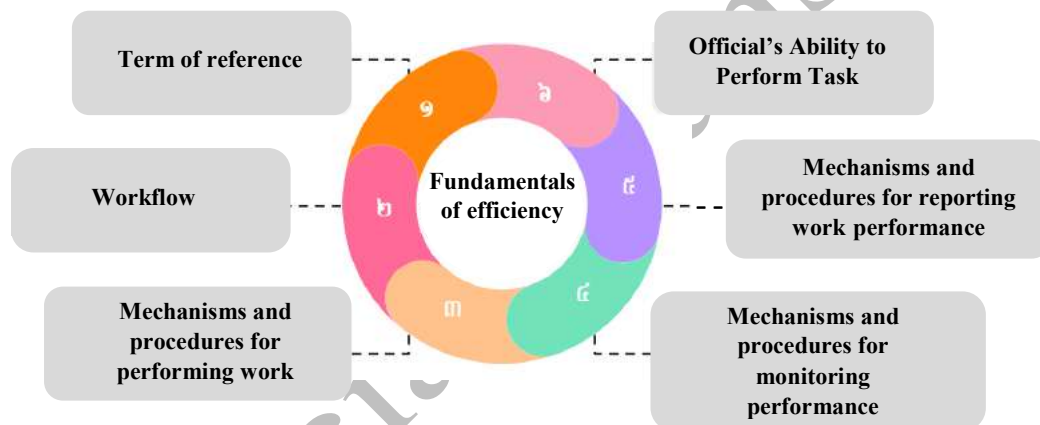


Figure 4: Fundamentals of efficiency and effectiveness

### 6.1 Terms of Reference

To improve the performance of any work, Officials clearly understand each component of work and know their roles and responsibilities to fulfill or perform any work activities. In addition, Officials shall be aware of their authority and responsibilities to enable officials to find out about these points, Organizations have to compile terms of reference.

Terms of reference are defined of the roles, duties, functions, authority, and responsibilities of the official in charge of performing the work. Terms of reference are important and shall be clearly defined to allow each official to carry out and perform his / her duties and know his / her authority. Organization can monitor to ensure that official do not depart from stated terms of reference.

### 6.2 Workflow

Workflow refers to the hierarchy of roles and responsibilities defined in the terms of reference, which allows the officials in charge of the work to clearly understand which work activities to perform

first and which work activities to follow and when to perform them. All work is in order, no matter how small or large the activity.

The purpose of creating a workflow is to ensure that the official in charge of the work is effectively and efficiently responsible and implement to achieve the defined action plan. There are several points in the workflow as follow:

- Starting and end point of work performance
- Job direction
- Points to decide
- Expected Results
- Steps to change work activities
- The official in charge of performing the work for each step.

When the organization defines a clear workflow, it will show the following results:

- Inactive points to be eliminated
- Improving work performance
- Reducing performance delays
- Elimination of work activities that are no longer needed
- More efficient work performance

To design an effective workflow, the organization should implement the following steps:

#### ***Step1: Set the goals of the organization***

Before starting to organize the workflow, the management should clearly define the goals of the work activities and in accordance with what the organization wants. At the same time, the technical officials must plan the tasks that support the work activities to achieve the planned results.

#### ***Step 2: Resource Review***

After defining the goals and small work activities planned, important data should be collected, including human resources, budget, and other resources in line with each sector. Examining the feasibility of the organization's resources is very important because it allows the organization to allocate the performance properly, avoiding putting too much burden on something and minimize unnecessary cost.

#### ***Step 3: Workflow Design***

At this stage, the organization has to organize the workflow by writing a description of the process or process diagram. First, the organization can write down the performance of the work from the beginning to the end of the work, detailing each activity clearly. Workflow is a process map that assists practitioners in performing hierarchical and timely tasks. Process maps involve recording processes using symbols, along with written descriptions of input activities, task steps, workflow, sequence, and output items. In addition, the process map shall identify the official in charge at each stage

so that the practitioner has a clear understanding of where a work activity should start and there is a clear person in charge.

#### ***Step 4: Fill in the gaps through testament***

After preparing the draft workflow, the organization should test the workflow to find gaps in implementation and take corrective action. In addition, the organization can identify risks and weaknesses in the workflow and allow practitioners to better understand every step of the process.

#### ***Step 5: Optimize workflow***

The final step is to optimize workflows. Organizations should conduct workflow training for practitioners to mainstream awareness of workflows, avoiding work without clear standards. In addition, the organization should constantly adhere to the development and improvement to ensure that the organized workflow is really applicable to the current circumstances. Through development and improvement, this will provide a seamless workflow that leads the organization to achieve professional standards and high efficiency.

The following is an example of the audit workflow of the Internal Audit Unit of FSA:

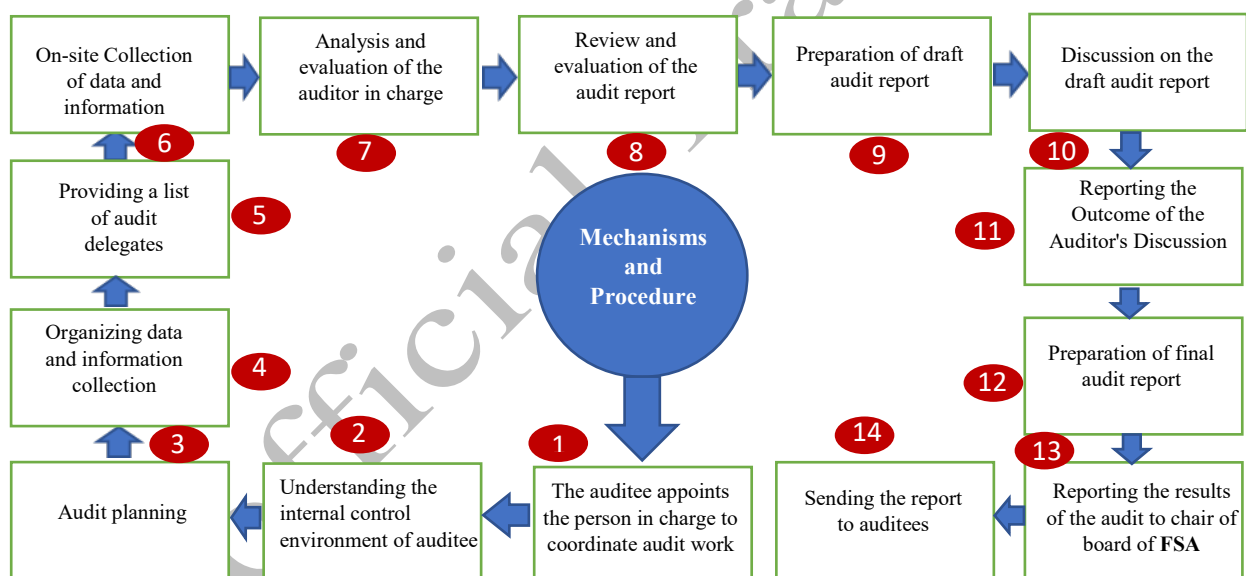


Figure 5: Examples of workflows

### **6.3. Mechanisms and procedures for performing work**

Although there are specific job reference conditions and workflows, to carry out a job effectively requires mechanisms and procedures to perform the job to orient as well as provide a clear basis for officials to perform any work activity.

In the mechanism and procedure in performing the work, there must be a description of the activities and procedures in accordance with the laws and regulations and organizational policies. mechanisms and procedures for the implementation of the work may be guidelines, instructions, proclamations, procedures, operating standards and other regulatory frameworks.

Establish mechanisms and procedures for the implementation of work to ensure that all work processes are consistent, timely and effective. All organizations shall establish mechanisms and procedures for the performance of work in the performance of various tasks within the organization, because the mechanisms and procedures for the performance of work provide the organization with:

- Standards and consistency
- Quality and efficiency
- Increase work productivity
- Accountability (responsible) has indicators for evaluating performance
- Training new officials
- Reduce errors
- Reduce inactivity
- Protect public and private service recipients

#### **A. Objectives of the mechanism and procedure in carrying out the work**

- As a rule, describe the work process
- Define the roles and responsibilities of the officials in charge of performing the work
- Document how to implement work activities to facilitate compliance with technical and quality system requirements, as well as to support data quality
- Ensure compliance with organizational regulations.

#### **B. Benefits of working mechanisms and procedures**

- Improve the quality and efficiency of the performance of work consistently on any process or procedure in the organization
- Re-create work activities when no other base files are available
- Reduce latency on performance

#### **C. Establishment of mechanisms and procedures for performing work**

- Study and analysis of work procedures: define processes and understand current workflows
- Roadmap: A management tool that describes the workflow. The purpose of creating a roadmap is to gain a better understanding of the work process. Roadmaps provide detailed insights and help practitioners gather ideas for streamlining processes, increase working relationships, and provide roadmap documentation. The roadmap will identify barriers to

delays and assist in the work process, ownership of the work process, responsibility for the work process, and provide a more efficient measurement of the work process.

- Improvement: during the preparation of the roadmap, the organization should consider adjusting the working process through looking for opportunities for automation of the operating system, duplication, decision points, delays and resumes and work time.

In setting up the standard operating procedure, there are six key steps as described below:

Step1: Set process

Step2: Draft activities and stakeholders

Step3: Find the scope

Step4: Determine the sequence and steps of the process

Step5: Basic Symbols of Workflow

Step6: End process flow

For example: To ensure that the compliance audit process of the internal audit unit of FSA is smooth highly professional, efficient and effective, Internal Audit Unit of FSA prepared guidelines on compliance audit to help strengthen orientation, provide guideline and assist auditors in performing audit work.

This guideline defines the mandate and scope of the audit and the procedures for performing the work, a clear step-by-step audit, starting with the preparation of the audit plan, auditing, audit report preparation until following-up audit recommendations. At each stage, there are specific mechanisms that enable the auditor effectively and efficiently to take action as a rule in carrying out the audit work.

#### **6.4. Mechanisms and procedures of monitoring performance**

Of course, performance mechanisms and procedures can guide officials in performing their duties, but to ensure that officials perform their duties in accordance with the regulatory framework and in accordance with the plan, the organization needs regularly to monitor the progress of the work. Performance monitoring can be regularly carried out by management through inquiries direct to the performance officials according to the hierarchy and by organizing meetings on the progress of the implementation of work activities at the team level, division level, inter division level, department level, inter-department level, and organization level.

In addition, to monitor the performance of the work properly, the organization should establish mechanisms and procedures to monitor the performance of specific work to enable management and Officials involved in the performance monitoring process have a clear understanding of the monitoring procedures. However, the implementation of mechanisms and procedures for monitoring the performance of work is associated with the mechanisms and procedures for performing work within a single regulatory framework.



For example, to ensure the efficiency and effectiveness of the work of the head of the Internal Audit Unit of FSA has issued guidelines on the preparation of monthly summary report. This guideline sets out the procedure of 1) assigning the person in charge to prepare the monthly report. 2) Preparation of notes on the monthly performance report to the relevant departments, 3) Organizing the meeting to review the report of the director of the relevant department, 4) Organizing the meeting to summarize the monthly results, 5) Preparation of note to summarize the results of the meeting, 6) Preparation of notes to present to the head of the unit, 7) Review and advice of the head of the unit and 8) Preparation of adjustments to the monthly report. The third and fourth points of this guideline highlight the mechanisms and procedures for monitoring the performance of the relevant heads of department to lead the division to review the performance report on the work results and request the deputy head of the unit to review the progress of the work on a monthly basis, and the deputy head of unit must lead and monitor the evaluation of the work achievement compared to the set indicators.

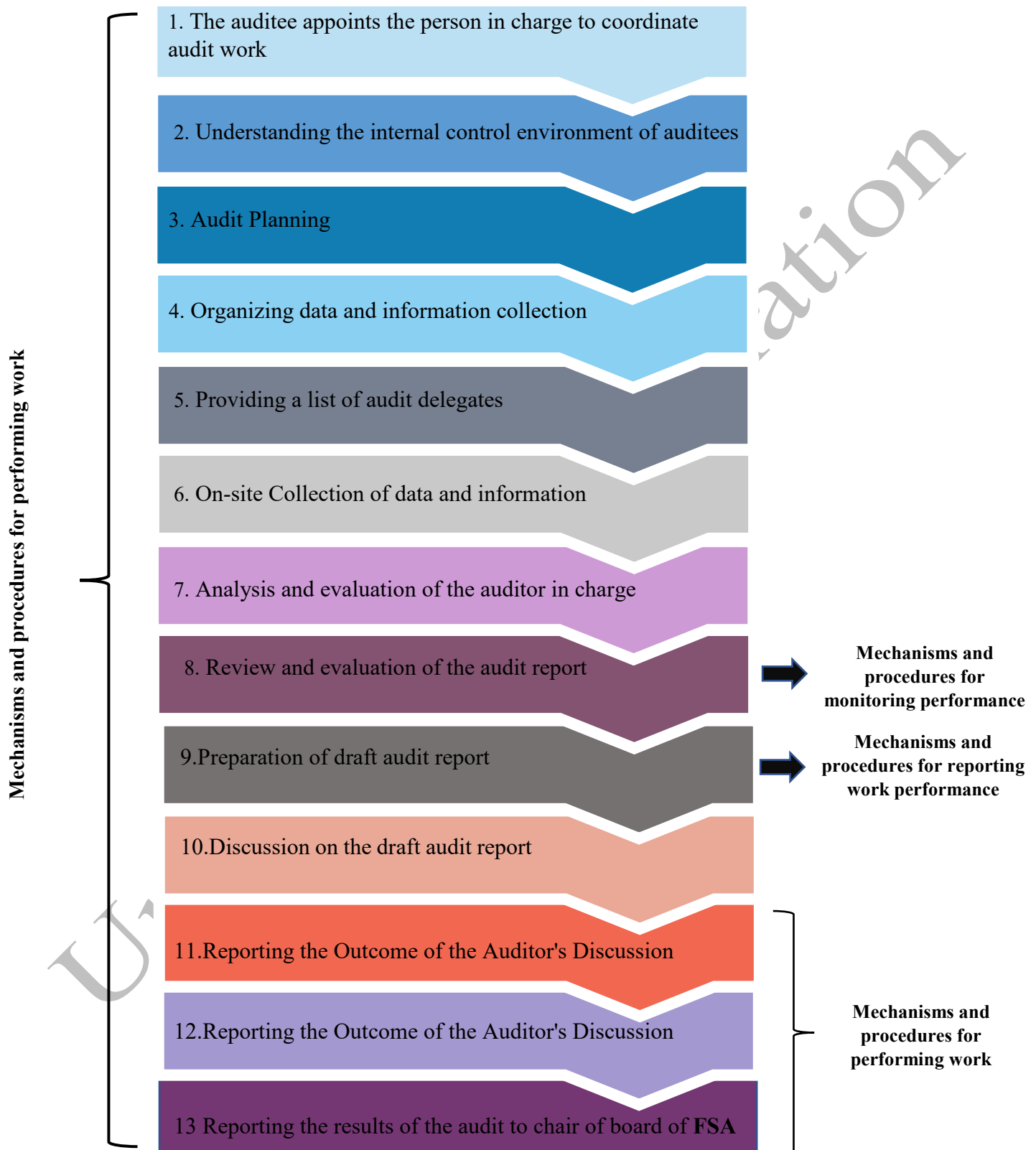
#### **6.5. Mechanisms and procedures of reporting work performance**

Organizations also need to have mechanisms and procedures for reporting on performance. In practice, these three mechanisms and procedures can be integrated into a single regulatory framework without the need for separate mechanisms and procedures.

In reporting performance, there must be a clear mechanism to ensure that the process of performing the activities or operations of each existing organization or department continues to be updated and relevant. In addition, the reporting must contain references or evidence of performance to ensure that the reporting is highly effective. Reporting mechanisms must be based on priorities such as work activities, significant changes in work performance, changes in organizational standards or insufficient information received. In the mechanism and procedure for reporting work performance, there should be an official who is responsible for preparing and submitting the performance report to the hierarchy, such as the division, department, or the head of the unit. Officials in charge of reporting must act as contacted persons and receive accurate information in their respective areas. The officials in charge of reporting shall orally report, written report and must ensure that the performance report is accurate and clear in accordance with the current situation. The officials in charge of reporting shall ensure that all documents, reports, and records are kept and used as an audit trail for each work activity and operation.

In the example of 6.4 mechanisms and procedures for monitoring performance above also highlights the mechanism and procedure for reporting on the performance of work, which monthly, the department under the Internal Audit Unit of FSA shall assign the officials in charge to prepare the report on the work results and report through the hierarchy. In addition, the officials in charge of preparing the report shall prepare the minutes of the meeting to summarize the monthly work results and present the discussions that took place in the meeting to summarize and report to the head of the unit.

Summary of Guidelines on Compliance Audit Mechanisms and Procedures by the Internal Audit Unit of **FSA** to ensure the efficiency and effectiveness of the implementation of the audit work, the following can be further clarified regarding the above three mechanisms and procedures:



## 6.6. Official's ability to perform task

To perform successful task with efficiency and effectiveness, and professional capacity, the official in charge is crucial. The professional competencies of the officials consist of knowledge, skills, soft skills, and personality.

### 6.6.1. Knowledge

Knowledge can be the knowledge that officials get through learning in school and through various research studies. Therefore, knowledge refers to what comes from the process of learning. Knowledge can be referred to in different ways and there are many ways that are considered as a source of knowledge.

To determine the professional capacity of the officials of each organization can observe the knowledge that each official has because when officials are more knowledgeable, they are more capable and can efficiently perform their work more, as well as there can be progress in further capacity development.

### 6.6.2. Skills

Skill refers to the talents or abilities that result from the training or practical application of officials in the workplace and at school, especially from training with clear certification at any educational organization, both public and private. Officials are first built by learning theories and training carefully from the teacher or trainer to reach a practical level or to help officials become more competent in doing something.

For example, You want to have digital marketing skills, so you need to find a teacher or school or choose a credible course to study that skill in depth for a limited time. Then you graduate on time with a clear diploma, which means that you have built the foundation and transformed yourself to understand that part well, so it is considered a skill that you have.

In addition, even the talents that each official has from birth are considered skills, such as communication skills, negotiation with people, the art of public speaking or good public speaking, and many other skills. It is only sometimes that those skills require individual officials to study, research or receive additional training in order to gain more knowledge and become more proficient.

More importantly, if each officials wants to improve all the skills, he has and transform himself into an expert in any field require officials to apply more in practice, not just from school or from any school or course to get a certificate.

To be more efficient, all officials should have some important soft skills. Beside of hard skills or technical and professional skills, which are core skills, officials also need soft skills such as problem-solving skills, communication skills and teamwork skills. A study from Harvard University in the United

States shows that the performance of a private employee comes from the use of soft skills up to 80% while the use of hard skills only 20% and demonstrated that soft skills can help individuals to build relationships and solve problems better and more effectively for the organization's operations. Soft skills give officials the following advantages:

- Soft skills demonstrate the experience of officials: It is observed that soft-spoken officials are mostly who have a lot of work experience because individuals go through the work and experience working with people. Soft skills come from how to work and how to use the art to work effectively and efficiently.
- Soft skills help to measure team ability: usually in the workplace or organization, there are many working groups working together. Work efficiency, speed, results, and performance outcomes can assess the ability to use the soft skills of team leaders and team members. A strong team does not rely entirely on core skills or technical skills because it requires flexibility of how to work and how to solve problems together.
- Soft skills help officials communicate well: Soft skills not only help the team to success, but it also helps all officials to have a closer relationship with each other. Relationships born of soft skills for better service and complement each other's values. Soft skills help officials to build capacity quickly. Officials who apply soft skills better in their work, or in other words, officials who know how to perform their work, develop their own skills and knowledge faster than those who do not have soft skills. Talent Communication skills, how to speak, how to work characteristics, how to find solutions to problems, as well as overall work results emanating from official who come out to use soft skills.
- Soft skills help build official to be leaders: Beyond leading a team well, official with soft skills can evolve into leaders in any part of their role through assignments to fill roles. In addition, official can gain the confidence to become highly responsible job leaders someday.
- Soft skills help an official become an individual who excels at organizing: work ethic and how to perform work effectively, from official who are good at planning, or can say, good at leading people. official with soft skills have a high creative mindset, are well aware of team assignments, as well as assign the team members' specialized tasks. The ability to organize a team can make you an excellent team leader and the outstanding team receives positive results in all circumstances.

### 6.6.3. Job Experience

Job experience is the practice of work using knowledge, training, execution, calculation, writing, interpretation according to actual situations. Every official can receive work benefits through direct experience of implementation. It should also be stated that experience is one of the parts that helps

motivate all official to be more progressive and proficient in the work they have gone through. Of course, the knowledge and skills can allow officials to work in each section using the workforce and the work that officials in person performance may help the higher work effectiveness.

#### 6.6.4. Personality

In addition to knowledge, skills and professional qualities of individual officials is also an important part that can help determine the skills of officials. The personality should include the following:

- **Responsibility:** The ability of the official to be responsible for any activities to implement and recognize strengths and feedback from others to improve the shortcomings.

- **Honesty:** Openness of discharge in relation to others. This quality is about dignity, morality, and strong character. Straight snacking officials are the strengths of the leader. Leaders need to be considerate and be honest and are honest in disclosure of what is true to the general public without misleading.

- **Perseverance:** The ability to struggle to perform work towards a goal, this quality is characteristic of a strong official who does not give up and difficulties and failure. The perseverance in achieving the goals and implementing the plan has shown the strength of character and unbreakable spirit.

- **Bravery:** Bravery is really important for official who want to succeed at work. To be an influential person who can lead others, an official must be a leader, whether it is reaching goals, finding the truth, or solving problems.

- **Disciplinary:** The ability to follow laws and regulations. Disciplined officials not only adhere to strictly established rules, but also manage their time in a way that is adequate for all important tasks.

- **Respect:** Recognizing the value of others' views. This is an additional point that officials must learn to develop themselves into individuals full of power, influence and ability. Some individuals fail to lead because they are rude to others, thinking they are the best.

- **Economy:** An attitude of caring for the benefits and resources available, whether personal or organizational. This quality allows officials to optimize the use of any resource to achieve higher results.

#### 6.6.5. Human capital development

To ensure the production of qualified human capital, knowledge, skills, job skills as well as personalities that adhere to high virtues, ethics and professional conscience, the organization can follow the four correct approaches of human resource management.

##### 1. Right Choosing

Organization can strengthen the recruitment of official based on the principles of compliance, transparency, competence, and the specific needs of the organization.

##### 2. Right Training

In training officials, organization should promote the preparation and quality of human resource development plans that meet the needs of the organization itself. Organization can organize capacity

development programs and training team for updates or equip specific new skills at professional organization and encourage trainers to train continuously. In addition, the organization can strengthen the deployment of officials to participate in workshops and training to be responsible and promote the sharing of internal knowledge.

### **3. Right allocating**

Organization needs to organize and allocate official on the qualifications, skills and needs of the organization in order to get qualified official with the necessary skills, while officials can express their abilities and continue to learn skills from their own work.

### **4. Right Retaining**

Organization should create opportunities for career advancement of officials in both administrative and professional positions and appoint officials based on ability, personality, and seniority.

## **Chapter 7 Monitoring and Evaluation**

Every organization always wants to achieve the results of the action plan set out in accordance with its vision, goals, objectives, and mission. Therefore, to ensure that the day-to-day performance of the organization in accordance with the action plan, unless the organization has established mechanisms, procedures, monitoring and evaluation for operational management. Monitoring and evaluation play an important role in the organization's operations and to ensure that the organization performs its work in accordance with the set plan. In addition, monitoring and evaluation also helps the organization to perform its tasks efficiently, effectively, and economically. Monitoring and evaluation is the process of gathering information continuously and to evaluate in order to determine whether the progress of the work has been moving towards the pre-determined goals and objectives, as well as to confirm the impact caused by the implementation of the work activities. Monitoring and evaluation will assist the organization in extracting actions that have been implemented, relevant information, and results to be used as a basis for future correction, orientation, and planning. If an organization does not have monitoring and evaluation, it will not be able to judge that the work being developed is in line with the direction set by the organization and cannot determine that the organization is progressing cannot determine what needs to be improved for future work activities.

### **7.1 Mechanisms of monitoring and evaluation**

The monitoring and evaluation mechanism is a tool to measure the progress of the work towards the achievement of the goals and objectives of the organization, set and collect monthly indicators, quarterly indicators, annual indicators, and annual results. This mechanism requires organization to set goals for each indicator in accordance with the organization's mission, vision, and strategic plan to ensure



measurable effectiveness in implementation and as a basis for management to evaluate work progress in relation to the goals set out in the plan. In the preparation of each plan, there is always a mechanism for monitoring and evaluation, which is a regulatory framework that allows management to monitor and evaluate the performance.

Management from the departmental level to the unit level are responsible for monitoring and evaluating the performance of officials. The management must establish a relevant regulatory framework for monitoring and evaluation to ensure the efficiency and effectiveness of the work.

### **7.1.1 Monitoring and controlling**

Work monitoring and controlling refers to the process of collecting, analyzing, and using information on a regular basis to make timely and appropriate decisions, ensuring accountability, and providing a foundation for the work process. The purpose of monitoring is to measure progress and changes in a situation or activity, to check whether performance is going according to a set plan, to see the direction and decide for organizational improvement.

Monitoring and controlling are an important stage of the monitoring and evaluation mechanism. Monitoring is the continuous monitoring of the activities and execution of the plan to find out whether the actual implementation is in accordance with the plan. At the same time, it is possible to verify the progress of the plan and make executive adjustments if necessary. Monitoring is part of the management process to ensure that operations achieve the planned results.

Monitoring is carried out continuously at all stages of the process of performing operational activities. The frequency of monitoring depends on three factors, including the size of the activity, the status of the activity, and the capacity of the official in charge of the activity. Therefore, management should monitor frequently to help guide the implementation of activities and help resolve any issues encountered during implementation.

#### **A. Regulatory framework**

All public organization are made up of laws and regulations, which in this law provide for the main oversight of the organization's operations. Each organization has an obligation to monitor the operation of the organization based on the regulatory framework in force as well as the action plan approved by the management.

#### **B. Mechanisms and procedures of monitoring**

To ensure effective monitoring, the organization must clearly define the mechanisms and procedures by which the organization can set out guidelines and circular.

In order for the monitoring to work and get good results, the monitor should perform the following steps ÷

- A. Define specific objectives for monitoring
- B. Define monitoring methods
- C. Collect relevant documents and reports
- D. Gather ambiguous information by accepting explanations from relevant persons
- E. Compare obtained data
- F. Prepare monitoring reports.

Through the development of guidelines and guidelines, the officers who will perform the work will have a specific workflow, while the management who will act as a supervisor will be able to obtain sufficient information as a basis for monitoring.

Example: Internal Audit Unit of FSA Prepared "Guidelines for the preparation of monthly reports", which play an important role in monitoring the performance. In this guideline indicated ÷

1. Each department shall appoint a person in charge of preparing the monthly report.
2. The official in charge shall prepare and present the monthly report to request the director department to organize the meeting on the monthly report.
3. After organizing the meeting at the department level, the director of the department shall prepare to request the deputy head of the unit in charge to lead the meeting to summarize the monthly working results.
4. After arranging the meeting at the level of the deputy head of the unit, the official in charge shall prepare a report on the results of the meeting.

### 7.1.2 Evaluation

Evaluation is a system of collecting and analyzing data to assess the strengths and weaknesses of the implementation of a plan or organization and then make effective improvements. Assessments are usually made at the end of the activity by the management, and this assessment can also be done in the middle of the activity.

#### A. Regulatory framework

Evaluation is only possible if the organization has a common regulatory framework, which is the basis for officials to follow and the basis for the management and the evaluation committee to use to evaluate the performance of a particular work activity. For example, before the organization prepares to evaluate the performance of officials to provide allowances to officials, the organization has used the regulatory framework in force, such as the Prakas on the provision of allowances for the management, officials, and staff of the organization.

#### B. Mechanisms and procedures of monitoring

In addition to the regulatory framework, in order for the evaluation to be more effective and

accurate, the organization must set out the principles, mechanisms and procedures for the evaluation and clearly define the functions and responsibilities of the evaluation committee.

To be successful and transparent evaluation, there are a number of important steps that the organization should take, including the development of evaluation objectives, the establishment of evaluation teams, the selection of evaluation methods, the development of evaluation plans, the collection of information, and the reporting of evaluation results as follows:

### **Step 1: Establishing evaluation objectives**

The purpose of the evaluation is divided into two parts:

- Performance evaluation refers to the evaluation of the performance of the official in charge of specific activities to reach the set goals.
- The evaluation of an activity has not been completed according to the plan, whether there is any impact on the organization or the public.

### **Step 2: Establishing the evaluation team**

Establishing the evaluation team is important to assess whether the organization's plans are being implemented in accordance with the regulations. The person who should be on the evaluation team should be the hierarchical leader in the organization and have the role of overseeing the activities identified in the organization's plan.

### **Step 3: Choosing the evaluation method**

There are many types of evaluation methods and they are used for evaluation purposes. A number of methods are used to assess the impact of actions that has not yet achieved the master plan of the organization or the public and some other methods to assess the structure of the organization to implement the defined activities.

### **Step 4: Developing an evaluation plan**

Develop an evaluation plan is important for the organization ÷

- Select and prioritize evaluation objectives
- Indicate the type of specific method of evaluation
- Decide what the organization will evaluate in detail
- Divide the roles and responsibilities of the person in charge of evaluation
- Set a specific time for evaluation.

### Step 5: Collecting Data

After the evaluation team has prepared an evaluation plan, the evaluation team must collect data involves the purpose of the evaluation. Those data include:

- Action plan approved for use
- Monthly, quarterly, semi-annual, 9 month, and annual progress meeting reports
- Previous Evaluation report
- Other documents related to the purpose of the evaluation.

### Step 6: Reporting the evaluation results

After completing the data collection through various methods, the evaluation team must prepare an evaluation report to the management and take timely improvement measures. On the other hand, this evaluation report will be later used as a basis for comparison.

## 7.2 Improvement

In the performance of daily work, there are always some challenges that cause the achievement of the expected results. Therefore, to ensure that the operation of the organization continues to run smoothly, unless the organization has improved its operations in accordance with the current situation. Improvement is about making things better by using the experience based to improve. If the management of the organization observes that the implementation has encountered problems that lead to the desired results obtained are not in line, the management must take necessary remedial action. Corrections need to be made not only to improve but also to prevent the same problem from happening again.

### 7.3. Key components for monitoring and evaluation mechanisms

The key components for the monitoring and evaluation mechanism are as follows: ÷

- Clear report related to operational management
- Mechanisms for collecting data that help to monitor progress, including the basis and means to compare progress and achievements to planned goals
- Fundamentals of data collection with an evaluation framework
- Clear mechanisms for reporting and utilizing the results of monitoring and evaluation in decision making
- Sustainable planning based on specific data, management, analysis and reporting.

### 7.4. Importance of Monitoring and Evaluation

Monitoring and evaluation will help the organization ÷

- Understand the progress towards achieving the goal
- Monitor the actual implementation compared to the plan
- Ensure efficient and effective use of resources
- Provide quality services to the public

- Identify issues that may or may be hindering operations or barriers related to the process work
- Address challenges in the implementation of action plans in a timely manner, if necessary, can improve plans or operational processes to achieve appropriate achievements in the future.
- Assist organizational leaders in making decisions for effective next planning
- Work orientation.

### 7.5. Fundamental differences between monitoring and evaluation

In general, monitoring and evaluation are closely related and play a similar role in planning management, and regular, accurate and precise monitoring can ensure the success of a plan.

The difference between monitoring and evaluation	
Monitoring	Evaluation
<ul style="list-style-type: none"> <li>-Verify the planned execution process and continue to verify</li> <li>- Simple</li> <li>- Made by internal</li> <li>-Help orient plans and improve operations to lead to achieve goals and objective.</li> </ul>	<ul style="list-style-type: none"> <li>- Check whether the goals and objectives are achieved or compare the changes organizational status before and after the implementation</li> <li>-Clear system and technical planning</li> <li>-Made by external or internal</li> <li>-Manage to have half mandate of the plan or when the plan is completed, or the plan needs to be continued if something needs to be improved.</li> </ul>

## Conclusion

According to the presentation of each chapter of the excellence of operational management, this will enable the units under the Non-Bank Financial Services Authority to gain access to the main mechanisms and procedures of operational management. Implementing the mechanisms and procedures set forth in this excellence of operation management can help the organization to avoid risks that arise by managing either actions, mistakes, or inconveniences arising from unfamiliarity with the planning, operational management, organization, and management of basic operations, operational management, fundamentals, efficiency, and operational monitoring and evaluation. Once the official in charge has a clear understanding of the process of operational management, it can help the organization to carry out its work in accordance with the set plan and ensure that all operations of the organization as a whole are successful, efficient, effective and economical.

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