Current Good Practices and New Developments in Public Service Management

A Profile of the Public Service of Malaysia

The Public Service Country Profile Series: No.3

Commonwealth Secretariat

Current Good Practices and New Developments in Public Service Management

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d. improving partnerships with organisations and agencies outside of central government
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f. improving the management of finance
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An overview of Commonwealth best practices and the management of change, and the entries in sections a and e were published in early 1995.

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FOREWORD

Since 1975, the Management and Training Services Division of the Commonwealth Secretariat, and its predecessor the Management Development Programme, have been providing extensive assistance to Commonwealth governments confronting the challenge of securing administrative and managerial improvements in the public sector. The Division's analyses of major trends and opportunities for public sector reform are complemented by its tailored consultancy and training packages designed in response to national and regional needs.

The current widespread debate concerning the managerial and structural options which will best fit the public service for the challenges of the next century touches the very centre of the questions concerning the role and responsibilities of the governments of the future.

The structure and processes of the overall public sector, that area of national social and economic life which is directly answerable to government, are significant in two ways. They serve to deliver, or to fail to deliver, the policy objectives of government, and they serve as a marker which government unavoidably sets down concerning accountability and transparency in national affairs, and the legal and constitutional framework for development.

As the range of structural options and accountability relationships utilised within the public sector increases, the complexity and diversity of that sector is growing. Assessing the strategic options for the public sector requires a clear understanding of the managerial alternatives and the actual and potential capacities of the core public service. I believe that this publication, and its companion volumes, is a significant contribution towards that understanding.

The Public Service Country Profile Series has grown out of a larger publication series examining current good practices and new developments in public service management. A pan-Commonwealth expert working group met in Kuala Lumpur in early 1993 to discuss the possible development of a policy guide for senior officials, highlighting the key principles underpinning recent managerial developments within the public service. This ground-breaking workshop developed the framework for *The Commonwealth Portfolio*, a distillation and analysis of innovations and best practices in public service management from across the Commonwealth.

The Commonwealth Portfolio is being published in loose-leaf format for easy updating, and its 65 entries will cover the major areas of change within public service management.

I am particularly pleased to note that in constructing the Portfolio, the expert editors and compilers have been determined to ensure its relevance to the real challenges faced by senior officials and managers. To ensure that the principles it identifies are firmly grounded in real experiences and genuine achievements within the public service, member governments across the Commonwealth were approached to take part in a unique mapping exercise, identifying the actual changes which had been made in some key areas of public service management. That so many governments unhesitatingly agreed is a tribute to the spirit of co-operation and to the strength of professional networks within the public services of Commonwealth countries.

The Public Service Country Profile Series sets out the results of that mapping exercise, country by country, to provide an unprecedented insight into the real managerial and structural changes underway in the public service. In providing some firm ground on which those public servants, both elected and appointed, who are faced with the challenge of public service reform can stand while assessing the options available, the Country Profile Series marks a milestone in the debate concerning the management of the public service. Reality is informing rhetoric at last.

Dr Mohan Kaul
Director
Management and Training Services Division
Commonwealth Secretariat

ACKNOWLEDGEMENTS

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INTRODUCTION

The Malaysian Public Service has been entrusted with the twin tasks of socio-economic development and nation-building. In ensuring that these tasks are carried out efficiently and effectively, the Government has introduced a successive series of administrative reforms pertinent to the nation's stability and growth. These reforms encompass structural changes, changes in management technologies, changes in skills, knowledge and attitudes, and changes in systems and procedures. They also cover the broad areas of public administration, general management, financial management and accounting. In 1966 the Government established the Development Administration Unit (DAU) as a centre for administrative reforms and in 1972 the National Institute of Public Administration (INTAN) was set up to provide training for the development of skills and expertise of public sector employees. The seventies witnessed a renewed sense of urgency in administrative reforms following the implementation of the New Economic Policy in 1971. The Federal Establishment Office was reorganised to form the Public Services Department which is responsible for the development and management of public sector personnel. The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) was also set up in 1977 under the Prime Minister's Department to initiate administrative changes and innovations to the Public Service. The economic recession of the early Eighties prompted the Government to implement measures to ensure better resource management. Some of the major measures undertaken include the down-sizing of the Public Service through privatisation, the introduction of the Malaysian Incorporated concept, and the inculcation of positive values and work ethics. Improvement efforts were also undertaken to enhance the quality of counter services as well as to streamline systems and procedures. At the same time, the Government also gives equal emphasis to the issue of public accountability and better management of government assets.

Administrative reforms implemented by the Government gained further momentum in the last few decades. The dawn of the 1990s can in fact be described as significant watersheds in the nation's history. It marks the eventful completion of the New Economic Policy whose resounding success convinced the Government of the need to formulate another new policy to steer the country into the 21st century, thus the birth of the National Development Policy. Another significant event was in February 1991 when the Rt. Hon. Prime Minister unveiled his *Vision 2020*. The proclamation of Vision 2020 as the national aspiration to attain "a fully industrialised and developed nation status" within the next three decades ushers in a new chapter in the nation's continuing surge for greater heights in development. The realisation of this visionary goal, however, is predicated on the ability of the country and of future Malaysian generations to meet the challenges of creating a

united and confident nation, one that is infused with strong moral and ethical values, and living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient.

Against such a backdrop providing the framework for future policy-making, the Public Service faces several challenges in the decades ahead. These challenges can be summarised as follows:

- the development of an administrative system that is mission-oriented and has the inherent ability to focus on effective delivery of quality services;

- the development of an institutional capacity to promote and sustain a climate of creativity and innovation;

- the ability to respond effectively to the complex and rapidly changing environmental demands; and

- the development of quality human resources to facilitate the transformation of Malaysia into a modern industrialised and fully developed nation.

To meet these challenges, the Malaysian Public Service has taken concerted efforts to introduce changes which cover a wide range of administrative improvements, the most notable of which is the adoption of a new mind-set and a new paradigm of thinking and doing things. The aim of these changes is to increase the capacity, capability and motivation of the work force to meet the challenges of rapid development in a constantly changing environment. The ultimate goal is to create an excellent Public Service. The Public Service is of the firm belief that the attainment of excellence hinges on the existence of a good value system. Cognisant of this fact, the Public Service has identified seven fundamental values deemed necessary for the attainment of an excellent Public Service. These are *quality, productivity, innovativeness, discipline, integrity, accountability,* and *professionalism.* The assimilation of these values will contribute towards maintaining an efficient, effective, clean, trustworthy and disciplined Public Service that is also forward-looking and market-driven. It will also enhance the credibility of the Public Service in the eyes of the public and stake-holder. The inculcation and internalisation of these values are effected through the implementation of administrative reforms carefully planned and executed by the Government.

Quality

With the realisation that the only way for a nation to gain and sustain a competitive edge in the international trade arena is through the production of quality goods and

services, the Government launched a nation-wide *Excellent Work Culture Movement* in November 1989. The movement stresses quality as the foundation for success. It firmly entrenches the Government's commitment and efforts towards the inculcation of quality consciousness deemed necessary for the provision of quality goods and services to customers. It also serves as a launching pad for future actions to upgrade the efficiency, effectiveness and performance of government agencies. Quality in the Public Service refers to the totality of features of products and services that meet stated or implied needs of the customer and/or stakeholder. In this respect, customer satisfaction has become the focal point of all government agencies' operations. Agencies are required to uphold the fundamental principles of quality which include meeting customers' needs, building quality into work processes, ensuring quality outputs and services at all times, eliminating wastes and rework, and treating all work as a series of planned actions directed towards the accomplishment of organisational goals.

Towards this end, the Public Service adopted the concept of *Total Quality Management (TQM)* and all agencies have been directed to implement TQM. TQM is the tool which paves the way for the creation of more customer-focused organisations capable of delivering quality outputs and services to customers. In addition, TQM calls for a total re-look at the organisation's operations to ensure that all systems and processes are aligned to meet customers' needs. Under TQM, management has to ensure that employees understand and appreciate the importance of customer satisfaction. To achieve this, top management is constantly emphasising on greater employee involvement and participation; motivation; and recognition. In TQM, the Government emphasises the importance of strategic planning in determining the types of products and services to produce. It also stresses the importance of product and service quality, process quality, manpower quality and the problem-solving process. Agencies have been advised to form *Quality Control Circles* (QCCs) which can be used as an effective mechanism to mobilise expertise, experience and employee creativity in problem-solving. Through QCCs, improvements have been made to various areas of administration and some of the benefits derived include reductions in waiting time and operational costs.

The Government also recognises the role played by *counter services* as a means of service delivery to the public. The counter acts as the first point of contact between the public and the agency and it is at the counter that perceptions are made by the public regarding the performance of an agency. Various services are delivered at the counter such as the issuance of licences, permits, passports, identity cards, sale of postage stamps and collection of bill payments. The Government is continuously upgrading its counter service to ensure that fast, accurate and courteous service is provided to customers. *Telephone communication* is another important means by which agencies provide services to the public and better quality service through

better telephone communication is therefore another area of concern for the Government.

The new customer-focused management paradigm recognises the importance of close co-operation and joint action between the public and private sectors in working towards long-term national development goals. This symbiotic relationship enhances Malaysia's national competitiveness in the global market place. In fostering such co-operation and collaboration, the Government introduced the *Malaysia Incorporated Policy*. This policy was based on the underlying philosophy that co-operation and collaboration between government and business is essential for accelerated industrial development. Consultative panels are set up in each agency at the federal, state and district levels. Agencies have been directed to hold annual dialogues with the private sector to discuss policies and programmes which affect the private sector, relevant rules and procedures, as well as the performance of the agencies. Government agencies undertake constant reviews of administrative systems, rules, regulations and procedures consistent with the need to deregulate in order to facilitate the expansion and growth of the private sector.

As a further testimony of its commitment towards quality, the Government has introduced and adopted the concept of the Client's Charter. A Client's Charter is a written commitment by a government agency to its customers that goods and services provided will comply with the standards declared as quality standards. These are standards which fulfil the needs of customers. For the effective implementation of the Client's Charter, an agency has to pay attention to the promotional, monitoring, service recovery and improvement aspects.

Productivity

The Public Service also places equal emphasis on productivity. Productivity is seen in terms of how well an organisation utilises its resources. Organisations are urged to either reduce the costs for current service levels, increase service levels while holding costs constant, or ideally increase performance and service levels while simultaneously reducing costs. The Government has identified eight critical factors which influence productivity. These are manpower, systems and procedures, organisation structure, management style, work environment, technology, materials, and capital equipment. Agencies also implement productivity measurement as one of the important components of productivity improvement efforts. Productivity measurement starts with the identification of the organisation's main outputs followed by the determination of productivity indicators for each of the main outputs identified. This is followed by data collection after which evaluation of current productivity levels is made.

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Efficient *systems and procedures* are vital in determining the production of quality outputs and services. Outmoded systems and work procedures give rise to inefficiency and poor service delivery. In ensuring efficient systems and procedures, the Government has implemented improvements in several areas such as file management, work simplification, form design, work measurement and control systems. Agencies have also intensified *office automation* to cope with increased workload and changes in work requirements. They are now equipped with modern office equipment which expedite work processes and enhance quality of output. The outcome of more efficient systems and procedures and greater office automation are time and cost reduction, reduction of wastage, job simplification, reduction in "red tape" and smoother and more effective communication. These will culminate in greater customer satisfaction and increased productivity.

Quality and productivity improvement efforts are impossible without the aid of modern technology. The Government continues to provide strong support for *information technology* development in the Public Service. The benefits of computerisation are evident in a variety of applications such as improved revenue collection by local authorities, better counter services, time reduction and cost savings. Since computerisation involves large capital outlay, the Government is also concerned with the quality of information systems that are installed and developed. It has therefore formulated various guidelines to assist in the planning, procurement, development and implementation of computerisation projects. Some of the major information technology projects undertaken include the Integrated Project Monitoring System, Electronic Data Interchange (EDI), Local Area Network (LAN), Public Services Network (PSN), and Integrated Telecommunications Network. The latest development in information technology is the establishment of the *Civil Service Link* (CSL). The CSL consists of two components, i.e. an information kiosk and a database where information pertaining to various aspects of the Public Service administration can be acquired. For example, the private sector and the general public can readily obtain information of organisations responsible for issuing licences, permits and approvals.

Privatisation is used by the Government to reduce the size of the Public Sector. At the same time it assists in reducing the financial burden of the Government in terms of the operating and development expenditures while adding to Government revenue. The programme has been successful as can be seen from the improved financial performance of major privatised projects as well as the significant improvements in the quality of services provided. The Government is constantly upgrading the *system of planning and implementation of development projects* to achieve the planned rate of economic growth. Among the measures taken were efforts to assist and delineate further the functions of each party involved in the planning and implementation of projects. Towards this end, the Government has devised guidelines including those on the machinery for the implementation and co-ordination of the National Development Policy, the Integrated Scheduling System,

the planning and preparation of development projects, and the implementation of small projects. Agencies have been directed to co-ordinate and monitor projects through *morning prayers* which has been found to be a very effective mechanism for overcoming various problems at all levels.

Innovativeness

In embarking on the journey of total quality and continuous improvement, the Government recognises the vital link between quality and innovation and hence the relentless efforts in encouraging its agencies and employees to innovate. As the environment changes and when customers' needs change, the organisation has to quickly adapt to these changes. This calls for an innovative culture which is necessary in the management of change. Government agencies are encouraged to introduce innovations that can help overcome problems, address pertinent issues and improve performance.

Innovation is taken to mean the introduction and application of new ideas that can bring about improvements to the Public Service whether in the form of reduction in operational costs, time savings, increase in output, or increase in customer satisfaction. Concrete measures have in fact been taken to foster this innovative culture. Such measures include the introduction of the Q suggestion system which provides the mechanism for employees to voice their suggestions, and QCCs or other types of problem-solving groups which encourage people to come together to think of ways to overcome problems. Judging from the number of innovations implemented each year, it is fair to say that the innovative culture is here to stay. Potential areas of innovations that have been identified include manpower, systems and procedures, organisational structure, management style, work environment, technology, and capital equipment.

Discipline

The Government has always insisted on the highest levels of discipline in its employees. Discipline means the adherence or the conformance to set work ethics and value systems. A high level of discipline is necessary in upholding the image of a clean Public Service. Discipline is enforced through the Public Officers (Conduct and Discipline) Regulations 1993 which replace the General Orders (Chapter D). These new regulations empower the Disciplinary Board to suspend immediately an employee from carrying out his/her duty if he/she is suspected to have committed a criminal offence or a serious disciplinary offence. The suspension may be carried out for any duration not exceeding one month. The comprehensive new regulations also cover drug abuse and the use of proper attire

by civil servants. The regulations also list and define offences and procedures to follow in a disciplinary action.

Integrity and Accountability

Public officials have also been reminded to exhibit high integrity by demonstrating values like honesty, sincerity, trustworthiness and continuously protecting public interest. They are expected to execute their responsibilities with all sincerity, fairness, justice and without self-interest. Accountability can be defined as the responsibility of civil servants to carry out the duties entrusted to them in the most efficient and effective manner and in accordance with the relevant laws and regulations. It subsumes the obligation on the part of an officer or an agency to provide answers or explanations concerning their actions and performance to those with a right to require such answers and explanations.

The Public Service which is entrusted with public resources and the authority to utilise them to achieve its desired goals has a moral responsibility to be fully accountable for its activities. Within an organisation, public officials are accountable to those who supervise and control their work. In the context of the external environment, they are accountable to the higher political authorities, their customers or the public at large. If a public official is to perform his or her role in an effective and professional manner, certain commitments are essential. The official has to make a commitment to master the knowledge and skills required of the job and to perform conscientiously in accordance with the position. He or she has to make a commitment to implement policies and programmes as formulated by the Government, even if he or she personally disagrees with them. Finally, the official has to act impartially and to treat all citizens equally.

Accountability mechanisms are built into the laws, regulations and institutions controlling public expenditure. For example, the Audit Act was amended in 1982 to enhance the powers and duties of the Auditor General enabling him to undertake an extensive investigation audit of the activities of government agencies on a much wider scale. Falling within the purview of this extended auditing (known as "management performance audit" or "value for money" audit) is the efficiency, economy and effectiveness norms by which the government agencies pursue their departmental objectives. In accordance with the Audit Act, the Auditor General is required to submit his findings to the Houses of Parliament for the close scrutiny of the *Public Account Committee* (PAC) which is an important instrument of financial control by Parliament over the bureaucracy.

Public accountability can be very efficient with the direct participation of the public. It is on this basic premise that the Government set up the *Public Complaints Bureau* within the Prime Minister's Department. The aim of the

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Bureau is to check abuses and malpractices in government agencies and to redress public grievances. Another mechanism to ensure public accountability is the *Anti-Corruption Agency* (ACA) which enforces the Anti-Corruption Act 1982, as well as other related legislations. Although the complete elimination of corruption may only come about with major attitudinal change, the ACA has played a vital role in curtailing corruption within the public sector.

In *financial management* the concept of accountability is closely related to the responsibility of public officers to manage public assets and resources in an efficient, trustworthy and fair manner. Agencies have been asked to concentrate on three areas of accountability. These are fiscal accountability which ensures that accounts are reliable and all transactions are genuine, above suspicion and in accordance with prevailing laws and regulations; managerial accountability which ensures efficient utilisation of public resources and elimination of wastage; and programme accountability which ensures that each programme achieves the objectives set in terms of cost and quantity.

Improving financial management and accountability in the Public Service is an on-going effort. Towards this end, continuous efforts are taken to focus on strengthening financial control systems, improving the financial management infrastructure and improving the effectiveness of financial management through the Micro-Accounting System and Modified Budgeting System. The *Micro-Accounting System* assists managers to determine the cost of outputs produced and thus helps in the planning and optimal utilisation of resources. The cost information obtained would enable managers to compare planned output cost with actual cost, determine cost trends for producing similar outputs, and determine the price to be set for a particular good or service. With such information, corrective actions can be taken to control cost. The *Modified Budgeting System* enhances the accountability of Controlling Officers in the management of resources allocated to them for certain objectives. This system is oriented towards the measurement of output and impact of government programmes.

Professionalism

An excellent Public Service calls for a workforce that is highly professional in the execution of its duties. Professionalism requires the observance of certain fundamental principles which form an integral part of the profession of a civil servant. These principles are summarised as follows:

- The conduct of civil servants is subject to the law of the land. In addition to abiding by civil and criminal laws, civil servants are also subjected to particular statutes like the Official Secrets Act which restricts the disclosure of official information. A professional value to which all civil

servants hold dearly is the ethic of secrecy and confidentiality of official information.

- The exercise of authority by civil servants affecting individual or other interest must rest on legitimate and legal foundations. Civil servants must avoid conflict between official duty and private interest, refrain from private activities that might bring discredit to the Public Service, be honest and maintain a proper reticence on matters of public and political controversy.

- Civil servants should be seen to be above any suspicion of impropriety. This is to uphold public confidence in the traditional impartiality of the Public Service, especially in the context of increasing public-private sector collaboration and co-operation.

- Civil servants are committed to act impartially and to treat all persons alike, without fear or favour. They must follow the principle of providing service fairly and justly to all, and treating each person with dignity.

The professionalism of the civil servant is further enhanced with the introduction and implementation of the *New Remuneration System (NRS)*. The NRS, which involves major changes to the organisational structure, remuneration and reward system and terms of service, has brought about significant changes to the management and personnel administration of the Public Service. It will result in the ability to acquire and retain innovative, creative and talented employees who readily embrace a work culture that emphasises performance, quality and productivity. It will also help to develop a more responsive and efficient Public Service capable of meeting new challenges.

Five main strategies have been adopted to ensure the successful implementation of administrative reforms. These include the strategies of *consensus building; documentation and information dissemination; training; follow-up and follow-through;* and *recognition and awards.* Administrative reforms in the Public Service are co-ordinated at the highest level by the Panel on Administrative Improvements to the Civil Service (PANEL). The PANEL is chaired by the Chief Secretary to the Government and its Secretariat is the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) of the Prime Minister's Department. Its members comprise heads of central agencies such as Federal Treasury, Public Service Department, and the Implementation and Co-ordination Unit of the Prime Minister's Department. The PANEL acts as a think-tank and prime-mover in the area of administrative improvements in the Public Service. Consensus building is also achieved through discussions at four major permanent committees of Public Service top management, namely Meetings of Secretaries General of Ministries and Heads of Services; Meetings of Heads of Federal Departments; Meetings of the

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Liaison Committee between the Federal and State Governments; and Meetings of the Chief Executives of Federal Statutory Bodies.

Documentation and dissemination of information through publications and the production of videotapes is another strategy adopted to increase the knowledge, know-how and understanding of civil servants regarding administrative programmes. Major publications include Development Administration Circulars, books, guidelines and manuals, magazines, and annual publications on "Improvements and Developments in the Public Service." Training is used as an effective means of ensuring capable and skilled workers who can effectively implement and manage the administrative programmes. The National Institute of Public Administration (INTAN) conducts training courses on the various Development Administration Circulars. Government agencies also organise their own seminars and training programmes on the Development Administration Circulars, while officers from MAMPU and INTAN are often invited to give briefings. The contents of the Development Administration Circulars and other major publications have also been included in the syllabus of Public Examinations, as well as questions for interviews by Promotion Boards.

Much of the success achieved in the implementation of administrative improvements can be attributed to close monitoring by top management. The PANEL and all the top management forums mentioned above monitor major administrative improvement programmes through their regular meetings. Inspections of government agencies are also used as a strategy to observe progress made by these agencies regarding the implementation of the Development Administration Circulars. The Inspectorate Division of MAMPU undertakes such inspection visits on the directive of the Chief Secretary to the Government. A report is then submitted to the Chief Secretary and the agency concerned for action. The Chief Secretary to the Government himself also visits the various states to evaluate personally the level of implementation of the various Development Administration Circulars and during these visits, he may issue directives and offer suggestions for improvements.

The Government has also created a comprehensive recognition and award system to demonstrate its appreciation and recognition of agencies and individuals who have performed well. These awards are also aimed at motivating others to emulate the examples set by the winning agencies. The criteria set under each award are in themselves tools for self-evaluation by the agencies. The major awards introduced include the Prime Minister's Quality Award, Public Service Quality Awards – comprising the Chief Secretary to the Government Quality Award, the Director General of Public Service Quality Award, and the Director General of MAMPU Quality Award – the Public Service Innovation Award, Public Service Special Awards in Financial Management, Management of Counter Services, File Management, Project Management, Human Resource Management, Information

Technology Management, and Performance Measurement Award, the District Office Quality Award, Local Authorities Quality Award, Best Client's Charter Award, and Quality Control Circles Awards.

The success of the Public Service in the introduction of the reforms is due to its ability to adapt to change. The administration is also thankful that top political leadership are among the leading proponents of reforms. In fact, all four Malaysian Prime Ministers have given significant support and immeasurable contributions to past and present reform efforts. The Public Service is also fortunate in having generated from within itself enlightened leaders who are in alignment with the political leadership on the need for administrative improvements. The dynamism that is emanating from the highest echelon of the Malaysian administration has given the necessary impetus for the successful implementation of the various reform measures. The Malaysian reform effort has also derived its strength from three major institutions, viz. the Panel On Administrative Improvements To The Civil Service (PANEL), the Malaysian Administrative Modernisation And Management Planning Unit (MAMPU) and the National Institute of Public Administration (INTAN), which have provided the necessary institutional framework and, over the years, spearheaded the implementation of the administrative improvement and modernisation programmes.

Malaysian Administrative Modernisation
and Management Planning Unit (MAMPU),
Prime Minister's Department,
Kuala Lumpur, August 1994

SECTION   1   MAKING THE MOST OF STAFF

1.1   Ensuring non-discrimination in employment practices

1.2   Performance appraisal

1.3   Enhancing staff training and development

1.4   Achieving a mission orientation

1.5   Improving recruitment and retention practices

1.6   Utilising performance incentives

1.7   Developing a public service code of conduct

1.8   Using contractual employment

1.9   Workforce size control

1.10   Human resource planning systems

1.1   Ensuring non-discrimination in employment practices

Under the Federal Constitution of Malaysia, citizens may not be discriminated against on the grounds of religion, race, descent or place of birth in the appointment to any office or employment under a public authority (meaning generally government, a local authority or statutory authority).   Women are given equal opportunity for appointment and promotion in the Civil Service. This entry covers the measure on non-discrimination on disability as there is a specific policy on this matter.

Government policy is to reserve at least one per cent of its employment opportunities for the handicapped. This means that at least one per cent of the total public employees employed at the Federal, State, Statutory Board and Local Authority should be handicapped people.

A handicapped person is defined to be one who is unable to obtain, fully or partially, the normal requirements of a normal individual and/or unable to enjoy community life fully due to a physical defect since birth or after.   The three categories of disability covered by this policy are the visually handicapped, hearing and speech impaired and the physically handicapped.

Under this policy, the Government has no intention to classify posts for various categories of disabilities and therefore all vacancies in the public sector are open to all handicapped people.   However, the selection is based primarily on the suitability for the job. In connection with this, the selection committee, especially the Public Services Commission, will seek the advice of the Ministry of National Unity and Social Development (formerly known as the Ministry of Welfare Services) regarding the kind of disabilities which are more appropriate to the post.

The objective of this policy is to assist those handicapped people who possess qualifications and skills to have employment opportunities in suitable positions in the public sector.

Only handicapped candidates registered with the Ministry of National Unity and Social Development are given special consideration to fulfil the quota of one per cent in the public sector. Those candidates not registered are excluded from this privilege and are treated like any other normal applicants.

All handicapped applicants applying for posts are required to fill in their registration numbers, given by the Ministry of National Unity and Social Development, on the front page of their application forms. This is to ensure that the selection authorities can identify them and accord them special consideration.

The Government will not waive any service condition laid down in the scheme of service in the public sector. All candidates must fulfil the minimum of service conditions, especially regarding their academic qualifications. However, the Ministry of National Unity and Social Development can appeal for the relaxation of certain conditions, particularly on the maximum age for joining the service, a reason being that handicapped persons may have been left far behind with regard to opportunities for education and employment.

The Ministry of National Unity and Social Development takes appropriate action to improve its services for the registration of handicapped people in order to make this policy a success. The Ministry is also improving its information services, channelling all the latest information regarding conditions of employment to clientele in all the State Welfare Offices and voluntary organisations in the country.

This policy came into effect on 20 December 1988 and there is no time limit regarding its implementation.

Supporting material

Service Circular No. 10 1988 "Procedures In Allocating one Per Cent of Employment Opportunities In The Public Sector For The Handicapped People", 20 December 1988 (in the national language)

1.2   Performance appraisal

The implementation of the New Renumeration System (NRS) in 1992 brought about changes in the structure and terms of service. The emphasis of NRS is on merit, particularly in the determination of salary progression, promotion and training opportunities for civil servants. In order to achieve the objective of the NRS to create an innovative, productive and quality civil servant, the Government introduced a new and comprehensive system of Performance Appraisal on 11 December 1992.

The New Performance Appraisal System embodies several key principles or elements that have far reaching implications for the Civil Service. These principles are as follows:

*   the determination of annual work targets, a mid-year review and the adoption of an 'open' process of performance appraisal;

*   the recognition of activities and contributions rendered outside the scope of official duties;

*   the introduction of additional evaluative criteria and detailed weighting system;

*   the use of different performance appraisal forms according to grades and divisions in the Civil Service;

*   the reduction in the levels of reporting officials (from three to two levels) in line with the reduction in grades under the NRS; and

*   the establishment of Co-ordination Panels on Performance Appraisal and Salary Progression to ensure fair and just appraisals.

The new system is designed to minimise the element of subjectivity in performance appraisal. It involves the use of new forms and a different approach in the evaluation process. Five types of form have been designed for this purpose, each catering for each category of officers classified under the NRS. The new form is divided into two sections. The first section records the basic vital information of the individual. The second section evaluates the capabilities and efficiency of the individual in six specific areas such as contributions and extra-curricular activities, work output, knowledge and skills, personal attributes, potential, and co-operativeness and relationships. Points are scored in the second section but the maximum score for each of the six aspects is different for each category of officer.

The context for change

The New Performance Appraisal System was formulated with the following objectives:

(i)   to create a systematic, reliable and comprehensive procedure for work performance measurement;

(ii)   to develop an appropriate and relevant system for measuring work performance for all levels, groups and classifications of public service personnel under the NRS;

(iii)   to extend the use of performance appraisal for personnel functions such as in the determination of salary progression, promotion, placement and training; and

(iv)   to enhance the participation of heads of departments and all levels of supervisors in duties related to the performance appraisal of their officers, especially in areas connected with work planning, supervision, motivation, counselling and career development.

Implementing change

The new appraisal system was formulated after an extensive process of discussion and negotiation, starting from a special conference of heads of departments and heads of services.   The draft proposal was then discussed by the Panel On Administrative Improvements To The Civil Service as well as by four other major permanent committees of the top management of the Civil Service, namely the Meeting of Secretaries-General of ministries and Heads of Services, the Meeting of Directors-General of Federal Departments, the Meeting of the Liaison Committee Between the Federal and the State Governments, and the Meeting of the Chief Executives of Federal Statutory Bodies.

Views and opinions from consultants in personnel management, as well as from the representatives of the worker side of the National Joint Council were also sought. In addition,   studies were also done on several types of performance appraisal systems practised by the private sector, statutory bodies and the civil services of developed countries.

A comprehensive guidebook to assist in the implementation of the Performance Appraisal Report for the Public Service has been prepared. This guidebook assists the officer to be appraised, the Supervising Officer and the Counter-signing Officer, so as to achieve objectivity and fairness in the performance appraisal process. To

ensure successful implementation of the system, special courses by the National Institute of Public Administration, as well as briefings by the Public Services Department, are conducted to explain the procedures involved in new appraisal system.

The New Performance Appraisal System is a direct outcome of the implementation of NRS. The NRS is covered by a separate entry in this series.

The new Performance Appraisal System will be continued to be implemented until and unless the Government decides a review is necessary.

Supporting material

(i)   Service Circular No. 4 1992 and Guidelines For The Implementation Of Performance Appraisal System Of The Malaysian Public Service, 4 December 1992

(ii)   1991-1992 Annual Report of the Public Services Department (in the national language)

1.3 Enhancing staff training and development

Training is a means to improve knowledge, capability and skills as well as to attain attitudinal change. It raises the confidence of employees in undertaking tasks that are more demanding as well as enabling them to achieve greater level of success in their work. The training process provides an opportunity to inculcate positive values and to engender an excellent work culture in the organisation. This then results in the institutionalisation of a work culture that constantly emphasises quality service, based on the principle that each task should be executed correctly each time. Based on this concept, the Civil Service always places emphasis on training its personnel.

The context for change

Training activities undertaken by the Civil Service are guided by a Training Policy as spelt out in the Service Circular No. 1, 13 January 1970. Among the important features of the training policy are:

- creating a progressive Civil Service;

- enhancing the capability and efficiency of administrators in tandem with advancement in scientific, professional and management fields within and outside the Civil Service;

- providing a fair and equal opportunity for all civil servants in training.

The Training and Career Development Division of the Public Services Department and the National Institute of Public Administration (INTAN) are the two main government machineries responsible for planning and implementing training programmes for public personnel. Both agencies play an eminent role in enhancing the performance of the Civil Service through training activities. The training programmes are based on the total training concept, emphasising not only knowledge and skills but also values formation.

Training is an important programme in human resource development in the public sector. Its objective is to ensure that the Civil Service is continuously staffed with highly skilled and knowledgeable personnel to provide excellent public service.

Implementing change

Training activities are planned and implemented in a systematic manner, based on the following strategies:

(i)   providing exposure and upgrading knowledge and skills on technological development and up-to-date management techniques through short- and medium-term courses;

(ii)   developing expertise and specialisation through long-term courses at certificate, diploma, degree, and doctorate levels;

(iii)   providing short courses for top management executives aimed at developing their management and organisational skills;

(iv)   decentralising training functions to ministries/departments as a step towards meeting the specific training needs of respective government agencies.

As a continuous effort to improve the knowledge and skills of public servants, the training programmes conducted are as follows:

a.   training programmes for top management;
b.   post-graduate training;
c.   training on the Malaysia Incorporated Concept;
d.   training on Development Administration Circulars;
e.   international training programmes;
f.   induction training;
g.   special departmental training; and
h.   skills upgrading training programmes.

Training has always been viewed as an investment in the human resource. With the total training concept adopted, training is therefore closely linked with the efforts to inculcate positive values and work ethics. It is also a vital component in the implementation of the Total Quality Management concept and the Client's Charter to improve the quality of service rendered by the Civil Service.

At agency level, government departments also have their own training plan to upgrade the quality of their human resource. In this respect, they either conduct in-house training sessions for their staff and officers with the assistance of external consultants, or by their own internal experts.

In order to produce high calibre officers and staff it is essential that training and skills enhancement are continuous.

A particular initiative in enhancing staff training and development: major training programme

Training is instrumental for the development of civil servants who are productive and efficient. The implementation of the New Renumeration System (NRS) and the new thrust in national development as envisaged in Vision 2020 have in fact made training an imperative for producing high calibre, efficient and progressive administrators. The Government therefore continues to place special emphasis on the implementation of training and career development programmes. This unwavering commitment to training has helped to produce an administrative machinery that is well-equipped to meet current needs as well as future challenges posed by the complex and rapidly changing environment.

The major training programmes undertaken by the Civil Service are as follows:

a.   The provision of training to all levels and divisions in the Civil Service. This was achieved through the following training programmes:

   i)   training for top management;

   ii)   training for the creation of high calibre human resources, specialists and technologist;

   iii)   training for critical services;

   iv)   re-training and refresher courses for specific services; and

   v)   induction courses.

b.   The implementation of a number of new courses particularly relating to promotion exercise. For example, among the new courses introduced in 1993 were:

   i)   training programmes for Premier Posts;

   ii)   training programmes for Grade 1 Posts;

   iii)   management performance training for the New Remuneration System; and

   iv)   induction courses.

In order to increase the level of expertise and specialisation in the Civil Service, officers in all ministries, departments and other government agencies are encouraged

to pursue further studies. These are made possible with the availability of scholarships, federal or international funding. For example, between 1987 and 1993 a total of 123 government officers were sent for PhD courses and 1245 for Masters degree courses.

To support the Government in improving the Civil Service, training on Development Administration Circulars was carried out and intensified in 1993. A series of 253 training courses/workshops/seminars/briefings were conducted for 10,325 participants. This brought the total number trained since the launching of the circulars in 1991 to 25,768 participants. The objective of this type of training is to enable civil servants to understand fully and implement successfully the various administrative improvement programmes as laid down in the Development Administration Circulars.

A particular initiative in enhancing staff training and development: improving management skills

In enhancing the management skills of public officials, the Government also puts emphasis on increasing the level of public personnel's understanding and knowledge of the corporate world and its requirements. Measures have therefore been taken by the Government to encourage civil servants to participate in seminars, workshops, conferences and dialogue sessions organised by the private sector.

The Government also conducts attachment programmes whereby government officials are attached to private firms identified by the Business Councils and multinational firms. This particular training programme provides opportunities for government officials to gain first-hand experience in entrepreneurial development. Such experience and knowledge also contribute in the long run towards enhancing the capability of government administration in all its dealings with the private sector. Two of the attachment programmes implemented are:

a. *BMITA Programme*

This attachment programme is sponsored by the British Malaysian Industry and Trade Association (BMITA) for government officials who are attached to British firms in Malaysia. Since its inception in 1983, a total of 119 senior government officials have participated in this programme. Eleven officers participated in the ninth BMITA programme held in 1993. In addition to providing experience on management practices operating in British firms, the programme also aims at enhancing public-private relationships. As such, the training includes theories and concepts of management as well as management styles of private firms taking part in the BMITA programme. During the initial training phase in INTAN, participants were exposed to management theories in the corporate world encompassing such

subjects as strategic planning, organisational behaviour, and information systems. During attachment, participants are exposed to the practical aspects of a firm's operations such as production, marketing, finance and accounting.

b.   *Attachment to other private firms*

The success of the BMITA training programme convinced the Government to broaden such training to include attachment to other foreign firms. As a result, another attachment programme involving European firms was implemented at the beginning of 1991. In 1993, 12 officials were chosen for the third training programme called "Management Training Programme in Europe". This brought the total number of participants since the programme was initiated to 33, involving 10 European firms. This programme, which was fully funded by the Government, began with a pre-attachment training at INTAN. This was followed by attachment to European firms operating in Malaysia and an advanced business management training in the Netherlands. Through this programme, government officers were exposed to the theories and practices of management and the intricacies of business operations in the private sector.

A particular initiative in enhancing staff training and development: management development

The management development programme is aimed at producing a core of high calibre officers to hold senior management positions in the civil service. This includes advanced management courses for top executives and mandatory courses for those on promotion.

The training courses conducted under this programme are:

a.   *Top management training*

This training is designed for top-level officials who are sent overseas for advanced management courses in institutions such as Harvard University, USA; Massachusetts Institute of Technology, USA; Stanford University, USA; London Business School, U.K.; and INSEAD, France. In 1993, a total of 45 Superscale 'C' officers were sent for such courses.

b.   *Seminar/conference/briefing for top management*

A series of seminars/conferences/briefings are also conducted to enhance knowledge and to provide exposure for top management officials on the latest developments in the field of management. These programmes are conducted by both local and foreign experts.

c.   *Training for premier posts*

Introduced in 1993, this course was made mandatory to prepare officers in Grade 1 for promotion to the Premier Posts. The course is also aimed at increasing the knowledge and expertise of officers holding critical posts as well as exposing them to the latest management techniques. It is held three times a year and in 1993 a total of 90 participants successfully completed the course.

d.   *Training programmes for Grade 1 posts*

The course was made compulsory from 1993 onwards for officers in Grade 2 who were being considered for promotion to Grade 1. In view of the fact that Grade 1 officers represent the 'senior second echelon management' in the public sector, such posts require in depth knowledge in advanced management techniques. The course provides exposure to advanced concepts and philosophies of management.

Supporting material

(i)   Service Circular No. 1, 13 January 1970 (in the national language)

(ii)   The Civil Service of Malaysia – A Paradigm Shift, 1993 (Chapter 13, pp 678-702)

(iii)   1991-92 Annual Report of the Public Services Department (in the national language)

1.4   Achieving a mission orientation

In the context of making the most of staff, mission orientation enables staff to have a clear understanding of their roles in achieving organisational goals. In this respect, senior managers have to communicate the vision and mission of the organisation to their staff in order to gain the commitment of every member in the organisation to work towards the common objective of achieving organisational goals. Once organisational goals and objectives are clearly understood, the productivity of the staff can be increased through the setting of measurable work targets and performance standards.

The context for change

The *raison d'etre* of every organisation, be it private or public, lies in its mission statement and objectives. Various efforts have been introduced by the Government to encourage its departments to adopt a mission orientation. Under the Programme Performance Budgeting System (PPBS), every government department has to establish strategies, objectives, programmes and activities every year for the purpose of budget estimates. The Modified Budgeting System (MBS) introduced recently to replace the PPBS added a new dimension by requiring government departments to set performance indicators according to standards such as quality, quantity, cost and timeliness.

In addition, the concept of measuring productivity at both the organisational as well as the individual levels was introduced via the Development Administration Circular No. 6 of 1991 entitled "Guidelines On Productivity Improvement In The Public Service". This practice is further emphasised in the New Appraisal System adopted in 1993 where the establishment of an annual work target for every officer is required.

Through the introduction of Total Quality Management in the Civil Service in 1992, government departments are required to formulate vision and mission statements, determine quality objectives and establish quality standards for its outputs. These mission concepts change the behaviour of managers and staff to be more customer-focused by constantly delivering high level of service quality.

Implementing change

By setting organisational goals, objectives and individual work targets, a department is able to optimise its resource utilisation, particularly the human resource. Through

the data collected, the productivity levels of individuals as well as that of the division, section and unit in the department can be gauged objectively on a regular basis.

The annual work target for every officer is established after the head of department determines the organisational goals, objectives, strategies, programmes and activities of each division, section and unit of the department. The determination of departmental goals, objectives, strategies and types of programmes must take into account national policies, plan, financial and manpower resources, information and all available facilities. In setting annual work targets, the standard of measurement for every departmental activity, based on its goals, objectives and priorities set for the relevant year, has to be determined beforehand.

Annual work targets and performance standards for an individual are normally determined and mutually agreed on by the subordinate and the supervisor.

The time taken by an organisation to draft its vision, mission statement and objectives and to communicate with its staff depends on its size and the complexity of its functions. An annual review of the organisational goals, objectives, strategies, programmes and activities is necessary for the purposes of budget preparation. Similarly, the work targets of the individual need to be reviewed every year for the purposes of performance appraisal.

Supporting material

(i)   Development Administration Circular No.6, 1991,   "Guidelines On Productivity Improvement In The Public Service"

(ii)   Development Administration Circular No.1, 1992, "Guidelines On Total Quality Management In The Public Service"

(iii)   Service Circular No. 4, 1992 and Guidelines For The Implementation Of Performance Appraisal System Of The Malaysian Public Service

1.5   Improving recruitment and retention practices

Recruitment of personnel to the Malaysia Public Service has always been the responsibility of the various Service Commissions established under the Federal Constitution and State Constitutions. These Service Commissions are the Public Services Commissions, Legal and Judiciary Service Commission, Police Force Commission, Education Service Commission and State Public Services Commissions. For the purposes of illustration, this entry will only touch on the recruitment policies and procedures as practised by the Public Services Commission (PSC).

The Public Services Commission Malaysia is an independent body established under Article 139 (1) of the Federal Constitution of Malaysia. Its jurisdiction extends over members of the General Public Service of the Federation; the Joint Public Services; and the Public Services of the States of Malacca, Pulau Pinang, Perlis and Negeri Sembilan. In addition, Article 144 (1) of the Constitution provides for six main functions of the Commission which are:

(i)   to appoint;
(ii)   to confirm;
(iii)   to confer pensionable status;
(iv)   to promote;
(v)   to transfer; and
(vi)   to exercise disciplinary control over members of the Public Service to which its jurisdiction extends.

The Commission is provided with rules and guidelines in its recruitment exercise. These rules and guidelines are derived from:

a.   General Orders

General Orders Chapter A 1973 explains the general terms and the recruitment procedures to be followed, such as:

•   category of applicant;
•   the need for an advertisement;
•   qualification requirements in accordance with the scheme of service; and
•   the responsibility of the head of department.

b.   *Scheme of Service*

Each type of job/post available in the government sector is determined by a scheme of service. Each scheme contains the following:

- name of the post, classification, group of service, grade and remuneration schedule;

- minimum age limit, qualification required and experience (if necessary);

- appropriate test/examination (if necessary).

c.   *Circular letters*

Normally, the Public Services Department issues circular letters on matters relating to personnel management. Circular letters may be issued by other central agencies such as the Prime Minister's Department and the Treasury on recruitment policies made by the Government from time to time.

As an independent body, the PSC sees to it that the recruitment and selection of public employees is in accordance with publicly recognised professional principles, i.e. impartially on the basis of qualifications, experience and merit.

Prior to any recruitment exercise, the PSC will issue a call letter to the various ministries/departments and the State Administration which are under its jurisdiction. The purpose of sending out the call letter is to inform heads of departments on matters pertaining to the proposed advertisement schedule and their role in fulfilling their department's personnel requirements.

The head of department will inform the PSC of its personnel requirements via a request for recruitment format. Any request for recruitment to the PSC must contain the following information:

- number of vacancies to be filled and the dates the vacancies occurred;

- number of reserved candidates required;

- a copy of the letter from the Director General of the Public Services Department in cases where there are amendments to the qualification, eligibility or other pre-requisites different from the existing scheme of service; and

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d. *Functions, responsibilities and other specifications of the job concerned*

Once the request is verified by the PSC secretariat, a draft advertisement for each type of job/post will then be prepared by the department concerned for approval by the PSC before being placed in the local newspapers. The advertisement normally conveys information on:

- name of organisation, i.e. ministry/department;
- method of applying;
- conditions of service;
- grade and salary scheme;
- entry qualifications;
- forwarding address and closing date.

Prescribed application form (SPA.6 Pindaan 2/86) is used for applying jobs with the PSC. Sometimes candidates are required to sit special tests, such as psychological tests, to gauge the suitability of the candidates.

The PSC receives a large number of applications for any job advertised. This requires shortlisting in order that a fair and manageable number of candidates can be called for interview. Factors such as academic and professional qualifications, relevant experience and results of the relevant test given to the candidates where applicable may be used in the shortlisting process.

Two forms of interviews are carried out by the PSC. There is the open type of interview and the "group interview". Regardless of the types of interview, selection is done according to the criteria set by the guidelines pertaining to the job specifications and actual needs of the ministry/department concerned. The final decision of the Interview Board depends on the performance of the candidates and their academic and other qualifications.

A Commission Paper for each type of post is then prepared by the secretariat for submission to the PSC. The Paper consists of detailed information on the recruitment and selection exercise. As soon as the PSC approves the Commission Paper, offer letters are prepared and sent to successful candidates through the ministry/department concerned. Normally a recruitment exercise, which starts from the date of advertisement to the date the offer letter is sent out, will take an average of 17 weeks.

The present recruitment arrangements have been in place since the establishment of the PSC. However, in recent years, there has been a delegation to heads of departments to recruit staff of selected support services.

Supporting material

(i)   Federal Constitution of Malaysia

(ii)   General Orders Chapter 'A' (Appointment and Promotion) 1973 (in the national language)

1.6   Utilising performance incentives

The implementation of the New Remuneration System (NRS) in 1992 is a radical move by the Government to enhance further its personnel administration and management system. It involves major changes in the structure of organisations, the remuneration and reward system and in the terms of service. The NRS is an effective mechanism to ensure a personnel management system of high quality that is capable of meeting the challenges faced in national development. The NRS was enforced on 1 January 1992 with the issuance of Service Circular No. 9 of 1991.

The context for change

The NRS is aimed at creating a more effective personnel system in the public sector in order to meet changes and challenges in the future. The flexibility of the system will strengthen further the management of the public sector and ensure the achievement of the following objectives;

*   to become more responsive, efficient and capable of meeting new challenges;

*   the ability to acquire and retain innovative, creative and talented employees;

*   to inculcate a work culture that emphasises performance, quality and productivity; and

*   to develop a leadership of high calibre that is capable of leading public sector organisations towards achieving the nation's development objectives.

The NRS is the outcome of the study by a special committee set up by the Government to review the salary, allowances and benefits as well as to restructure the whole public sector. The Special Cabinet Committee on Public Sector Salary was chaired by the Prime Minister himself with the Public Services Department as the Secretariat.

Implementing change

With the implementation of the NRS the service structure underwent major changes. A total of 574 schemes of service were reclassified into 274 schemes of service. These have been grouped into 19 service classifications based on similarity of

functions. This is aimed at increasing effectiveness in the planning and management of personnel in the various services. It also enables organisations to be restructured in line with changes that arise from time to time. The changes in the terms of service introduced by the NRS are as follows:

- for certain posts in the support group, qualifications based on talent, relevant experience and expertise are given recognition in place of academic qualifications;

- the period for emplacing officers who have been confirmed in their posts into the pensionable establishment is reduced from ten to three years;

- annual salary progression will be given based on individual performance;

- in-service training will be an important requirement in the career development of public sector personnel; and

- an induction course which replaces the Government General Examination is made mandatory for new employees.

The NRS contains major principles such as flexibility, rate for the job, training and entry qualifications, clean wage, fair comparison, relativity and parity, and differentiation. The NRS has the following eight new features:

(i) a salary structure that includes a variable component other than the Basic Salary and Fixed Emoluments;

(ii) each of the new 19 service classifications has provision for new salaries in the form of the Matrix Salary Schedule (MSS);

(iii) the salary increase for each service classification is different, according to the need and importance of the service. The rate of increase that has been decided upon is between eight and ten per cent;

(iv) comparison of relativity may only be done between related service schemes in the same service classification and not between the different service classifications;

(v) salary progression between the 19 MSS may only occur in two instances which are:

  − in the case of an increase from a lower salary grade to a higher grade owing to promotion; and

–   between levels in the same salary grade that does not involve promotion;

(vi)   salary progression can occur in four ways, based on individual performance differentials within certain limitations. The four ways in which an individual's salary can progress are *static* for unsatisfactory performance, *horizontal* for satisfactory performance, *vertical* for good performance and *diagonal* for excellent performance;

(vii)   salary progression has been standardised into quarterly adjustments on 1 January, 1 April, 1 July, and 1 October to facilitate salary administration; and

(viii)   the allowances and benefits determined under the NRS are based on four principles, i.e. non-universal, non-regular, non-permanent, and equality. Under the NRS, three new allowances and four additional benefits are introduced. The new allowances are motorcycle repair allowance, refund of parking charges and critical service incentive allowance. The additional benefits involve child care leave, paternity leave, loan for personal computer and membership in recreational clubs.

The Government has also agreed to changes in the following benefits:

•   extension of medical benefits to legal parents;

•   funeral expenditure for personnel who die while in service; and

•   allowing personnel who have been retired on medical grounds to resume service once they have fully recovered.

The NRS did not include a number of agencies that were either of sound financial standing or that were about to be corporatised. These agencies are the Employees Provident Fund; Management and Pilgrimage Fund Board; Armed Forces Superannuation Fund Board; Central Bank of Malaysia; National Savings Bank; Social Security Organisation; Light Dues Board Peninsular Malaysia; Central Mercantile Maritime Fund; Postal Service Department; Kedah State Tithes Office; and Perak State Sports Stadium Corporation.

Civil servants were given the choice to opt for the NRS or to remain in the service structure under the Cabinet Committee Report 1976 (CCR 1976). The time period for the option was from 1 January to 31 March 1992. Those who did not submit their option papers after the closing date were deemed to have rejected the option to be in NRS. Up until 31 October 1992, a total of 675,361 employees, or 99.47

per cent, had accepted the NRS and the remaining 3,597, or 0.53 per cent, had rejected it.

The Government places great emphasis on giving due recognition to and expressing appreciation of civil servants. This appreciation is important to provide motivation to civil servants to improve their performance in line with the aim of providing quality services. Various other measures have been implemented in this area, among which is the Public Service Innovation Awards to recognise individuals for coming out with ideas and implementing them to improve the quality of public service. A civil servant who has successfully introduced an innovation in the service stands to win a cash award of RM 1,000.00 together with a plaque inscribed, "Public Service Innovation Award For The Year..."

Another important measure is the presentation of Public Service Excellent Service Awards to individuals who have rendered services exceeding expectations and the normal responsibilities of the job. Such excellent services are examples to be followed and act as catalysts to diligence and creativity among other civil servants. The winner of the Excellent Service Award receives a certificate of excellent service, a souvenir of value not exceeding RM 300.00 bonus equivalent to a month's salary, and seven days' unrecorded leave with full pay. The name and photograph of the winner is displayed in the office at a strategic location or an areas frequented by the public or visitors.

The NRS has just been introduced over the last two years and its positive effect will only be felt over a longer period once the teething problems of the initial years are overcome.

Supporting material

(i)   Service Circular No. 9 of 1991, 1 January 1992 (in the national language)

(ii)   Report by the Special Cabinet Committee On Salary in the Public Sector (in the national language)

(iii)   Improvements and Development in The Public Service 1992 (Chapter 9, pp 461 - 464)

(iv)   Development Administration Circular No. 3, 1991 entitled "Public Service Innovation Awards", 1 April 1991

(v)   Development Administration Circular No. 2, of 1993 entitled "Guidelines For The Award of The Public Service Excellent Service Awards", 27 January 1991

1.7 Developing a public service code of conduct

Discipline is an important element in public administration. It is necessary in ensuring good conduct of employees as well as the smooth running of government agencies. It entails rules and procedures to be abided by, and any breach of discipline should be followed by appropriate disciplinary action. It also creates the necessary environment for civil servants to carry out their tasks systematically and with greater confidence and commitment. As such, the Government always places great emphasis on discipline.

In order to ensure proper conduct and the maintenance of discipline in the Civil Service, various laws, regulations and circulars have been passed and formulated. A useful guide for civil servants in this respect is the Public Officers (Conduct and Discipline) Regulations 1993 which replaces the General Orders (Conduct and Discipline) (Chapter 'D') 1980.

Discipline is also related to honesty, sincerity and trustworthiness. Officers who are disciplined follow rules and regulations and are willing to sacrifice for the good of the service and the organisation. They uphold good values, are loyal to the nation and hold fast to religious teaching.

The context for change

A high level of discipline in the Civil Service is necessary in order to achieve the following goals:

- highly disciplined civil servants who are responsible and committed to their jobs;

- excellence in job performance;

- high productivity and quality in the delivery of services; and

- a clean Civil Service free from any taint that could mar its image.

In 1991 a comprehensive review on the codes of conduct and discipline for civil servants was undertaken by the Government. This review took into account many new developments in the Civil Service, including the implementation of the New Remuneration System. As a result, changes were made to the General Orders (Conduct and Discipline) (Chapter 'D') 1980 leading to its replacement by the Public Officers (Conduct and Discipline) Regulations 1993.

Implementing change

The Public Officers (Conduct and Discipline) Regulations 1993 stipulate specific codes of conduct, disciplinary procedures and proceedings. Disciplinary action can be taken against a civil servant if he/she has been found to have committed any one of the following misconducts:

- being disloyal to King, Country and Government;

- placing self-interest over public interest;

- conflict of self-interest with public service responsibilities;

- conduct in such a manner that it appears that personal interest conflicts with that of the service or using a public position for self-interest;

- behaving in such a manner as to bring the Civil Service into disrepute;

- being inefficient or lazy;

- being dishonest;

- being irresponsible;

- bringing or attempting to bring outside influence to support or to further interest in the Civil Service whether for oneself or others;

- being insubordinate or conducting oneself in any manner which may be reasonably construed as being insubordinate;

- being untrustworthy; and

- being negligent in the performance of one's duties.

In addition to the stipulation on general conduct, other areas covered include the involvement in outside employment, receiving and giving of gifts, ownership of property, standard of living, borrowing of money, and involvement in politics.

Under the new regulations, all civil servants while on duty are required to be properly attired in accordance with government directives from time to time. Those who do not comply with this regulation are subject to disciplinary action. Those found to be convicted for the possession or consumption of drugs and drug abuse will have their services terminated. A civil servant can be immediately suspended

if he/she is suspected of having committed a criminal offence or a serious breach of discipline.

There are seven types of punishment which can be taken against an employee convicted of a disciplinary offence. These are warning, fine, forfeiture of emolument, deferment of salary movement, reduction in salary, demotion and dismissal. Several measures are also taken to strengthen the enforcement of discipline. These include:

- collecting and supplying information on the abuse of power by civil servants such as the misuse of official cars;

- stepping up of actions and monitoring of disciplinary cases which have been referred by the Anti-Corruption Agency to the heads of departments; and

- having a monitoring system on the management of discipline in government agencies.

In addition to the Public Officers (Conduct and Discipline) Regulations 1993, civil servants are also subject to other relevant regulations and criminal laws. These include:

- the Anti-Corruption Act 1961 (Amendment 1971);
- the Official Secrets Act 1972;
- the Financial Procedures Act 1972;
- Treasury instructions;
- Service Circulars.

Self-discipline is just as important as the discipline required to follow rules and regulations. It requires the individual to cultivate healthy habits and behaviour and must also be determined to pursue continuous self-improvement. Towards this end, various strategies have been formulated to ensure that positive values and attitudes are assimilated in the Civil Service. These strategies are:

a.   Sending civil servants on training courses, seminars and workshops, conducted by local training institutions such as the National Institute of Public Administration and the National Civics Bureau. Officers are also sent to attend training programmes conducted by the Central Official Training Institute in South Korea. The aim is to enable them to be infused with the ethics, diligence, progressiveness, discipline and co-operation exemplified by their Korean counterparts.

b.   The publication of books and guidelines on good work ethics and discipline in the Civil Service is another strategy adopted. In addition, articles explaining the various components of attitudes and values required by civil servants are disseminated through official journals and bulletins.

c.   The importance of inculcating good values and positive attitudes is constantly being emphasised by national leaders and senior management in their keynote speeches at important events such as opening of seminars, courses or special gatherings.

d.   Administrative support also plays a major role. In this respect, a psychological test has been introduced in the recruitment of civil servants. For those already in service, the examination questions and promotion interviews contain a component of values and ethics. Those who show capability and practise the values required of them are considered for promotion and rewards.

The Government took further measures to improve the effectiveness of disciplinary control in the Civil Service by streamlining and replacing the Public Services Disciplinary Board Regulations 1972 with that of the new Public Services Disciplinary Board Regulations 1993. The new regulations involve changes to the membership of the Disciplinary Board, its powers and purview. In addition, the various Public Services Disciplinary Appeal Boards under the Public Services Department have been streamlined and replaced by one Public Services Disciplinary Appeal Board, i.e. the Public Services Commission.

Good values, work ethics and discipline are important in influencing the moral character of a civil servant. As such, efforts to inculcate these elements in the Civil Service is a continuous process.

Supporting material

(i)   The Public Officers (Conduct and Discipline) Regulations 1993

(ii)   The Public Service Disciplinary Board Regulations 1993 (in the national language)

(iii)   The Civil Service of Malaysia – A Paradigm Shift (Chapter 7, pp 574 - 580)

(iv)   'A Guide for the Administration of Disciplinary Proceedings' by the Public Services Department (in the national language)

(v)   'Upholding the Integrity of the Malaysia Civil Service' by the Public
       Service Department

1.8 Using contractual employment

This entry covers the varying terms under which Malaysian civil servants are employed on a contractual basis. These appointments are subjected to the different regulations outlined by various Service Circulars, Service Circular Letters and several other separate regulations. At the time of writing, we understand that the Public Services Department is streamlining all these rules and regulations and will soon be issuing a new Service Circular pertaining to the appointment and termination of contractual employment.

A great majority of Malaysian civil servants are employed on a full-time permanent basis. The terms and conditions of the employment are detailed out in a formal letter of appointment. However, there are cases where civil servants are being employed on a temporary, contractual or casual basis.

a. Temporary appointments

Candidates can be appointed on a temporary basis when, at the time of making the appointment, the full conditions for appointment on a permanent basis have not been met. Temporary appointed candidates are not assured of being appointed on a permanent basis. However, they are given ample opportunities to fulfil the conditions of the permanent appointment. The duration of a temporary appointment is normally for a period of three years.

The services of a temporary appointed candidate can be terminated if the candidate fails three times to be considered for permanent appointment or his tenure of service has expired at the end of the three-year period, depending on which comes first.

All temporary appointments are made according to approved schemes of service and candidates have to fulfil conditions related to health, criminal record and narcotic addiction. Retired civil servants cannot be re-employed on a temporary basis.

b. Contractual appointments

Candidates can be appointed on a contract basis, according to specific conditions, for a fixed term. The objectives of making appointments on a contract basis are:

- to overcome the problem of shortage of experts or skilled personnel in specific areas;

- to carry out a specific duty for a required period of time;

- to fulfil mandatory service conditions as determined by the Malaysian Government from time to time;

- to enable the employment of those who possess the required experiences, skills and talents but fail to fulfil service conditions with respect to citizenship or the national language as fixed by the service scheme.

A contract of employment can be offered to a Malaysian or a foreign citizen. Civil servants who have reached the age of mandatory retirement or have opted for early retirement can be re-employed on a contractual basis. Candidates for contractual appointments have to fulfil conditions related to health, criminal record and narcotic addiction.

The duration of the initial contract cannot exceed three years but it can be renewed or extended according to requirements. In cases of renewal, the duration cannot exceed two years and if a contract is extended, it cannot be for more than a year. In the case of a foreigner, the maximum period of contract is limited to seven years. However, the minimum contract period is six months.

c.   *Casual appointments*

Casual appointments are made to meet short-term needs such as unexpected increases in workloads. These appointments are not backed by permanent posts. In general, the maximum length of a continuous appointment is six months but it can be less. Casuals cannot be recognised as fully-fledged employees under existing service regulations. As such, they are paid on the basis of each day of work.

Full details of all these different types of employment are set out in the Service Circular pertaining to the appointment and termination of contractual employment.

The various types of temporary appointments are made for the following reasons:

- to enable a specific job to be completed within a stipulated time period;

- the time in processing such appointments is shorter because it need not follow the procedures normally taken for making permanent appointments; and

- to enable the Government to employ people with special talents, skills and experiences.

With the exception of casual appointments which can be made by a head of department, all other types of temporary appointments have to be made by approved

Appointing Authorities such as the Public Services Commission. In cases of contractual appointments made without the creation of permanent posts, approval has to be obtained from both the Treasury and the Public Services Department.

Supporting material

Draft Service Circular pertaining to the appointment and termination of contractual employment (not yet available)

1.9   Workforce size control

Generally the size of the Civil Service is determined by the roles played by the Government. The more extensive the roles of the Government, the larger is its Civil Service. It is therefore imperative that efforts are constantly carried out to fine-tune the size of the Civil Service so that it is in congruence with the existing needs and changes in the environment.

The context for change

The principal objective of the efforts to right-size the Civil Service is spurred by the need to curb the growth of the public machinery. This is to prevent public operating expenditure from becoming a burden to the Government. In addition to reducing the financial burden of the Government, the efforts taken are also aimed at ensuring a stable, lean and effective Civil Service.

There is a Cabinet policy on the growth of the Civil Service which stipulates a rate not exceeding 0.53 per cent per annum from 1989 till 1995.

Implementing change

In order to ensure that efforts at right-sizing the Civil Service are carried out smoothly, the Steering Committee on Reduction in the Size of the Public Service was formed in 1984. This Committee is responsible for considering changes to the administrative system, institutions, posts and personnel as well as their implications. It also monitors and studies proposals involving the establishment of new districts, minor districts and change in status of a local authority by any state government before submitting for Cabinet approval. With the Steering Committee, various measures were taken to control the size of the Civil Service. Some of them are explained below:

a.   Control in the creation of posts

Priority has been given to creating posts in critical areas which would contribute to the growth of the economy and the competitiveness of the nation. These priority areas include economic/commercial activities, revenue collection, research and development, and human resource development, specifically in technical fields, education, health and law enforcement.

b.   Review on the status of vacant posts

Vacant posts which are no longer required, or which do not add value to the performance of the agency, will be abolished as a move to reduce the size of the Public Service. Measures are being undertaken to abolish posts vacant for more than three years, except for those vacant because of a shortage of candidates in the technical and professional fields. Attention is also focused on the support group which has the largest number of vacant posts.

c.   Re-organisation of agencies under the New Remuneration System

The organisational structures of agencies need to be changed in order to create a flatter organisation and optimise the use of resources. Through restructuring, a number of posts can be abolished based on a review of the existing functions of agencies. For this purpose, the book on "Guidelines on Re-organisation of Organisation Structure under the NRS" has been disseminated to all government agencies.

d.   Review of the status of statutory bodies

A review of the status of statutory bodies, including the Regional Development Boards, was initiated. Such a review was necessary as they were found to be duplicating functions, had achieved their objectives or were carrying out roles and functions similar to government departments. The review on Regional Development Boards has been completed and has resulted in the abolishment of a number of posts.

e.   Enhancing the pace of the privatisation programme

The privatisation of government agencies/services continues to be actively pursued as a strategy to reduce the size of the Public Service. Since its implementation in 1984, a total of 86 projects have been successfully privatised. They involve the transfer of 86,171 government personnel to the private sector. The savings on government operating expenditure totalled RM 4.8 billion a year, while the revenue derived amounted to RM 10.7 billion. In 1993, twenty-one government entities were privatised. It is envisaged that the privatisation programme will reduce a total of 161,621 employees.

f.   Use of computers and office automation equipment

The use of computers and equipment for office automation in government agencies has expedited daily routine work as well as cutting down on the usage of existing staff. The excess workforce, therefore, can be redeployed to carry out new activities without the need to create additional posts. Efforts are currently being

undertaken to formulate performance indicators related to work on computers and office automation equipment. These will provide guidelines to determine establishment needs in government agencies.

Supporting material

The Civil Service of Malaysia – A Paradigm Shift (Chapter 11, pp 663-673)

1.10   Human resource planning system

A human resource planning system is a system which provides the employer with various forms of information on its employees, both permanent and temporary. Such a system may also be known as 'staff records system', 'personnel records system' or something similar. In the case of the Malaysia Civil Service, human resource planning system is mantained centrally as well as by individual government agencies. The human resource planning system maintained by individual departments is mainly for purposes of administering the payroll and budget estimates.

This entry touches on the central human resource planning system called the 'Public Sector Establishment and Staff Information System' which is maintained by the Government Staff Records Centre, Public Services Department. All government agencies are required to furnish the Centre with information on their employees as directed by the Service Instructions 1974 and the Service Circular Letter No. 3 of 1988.

The Public Sector Establishment and Staff Information System contains information on all establishments and employees of the Federal Civil Service, State Civil Services, Statutory Bodies (both federal and state) and Local Authorities, except the Police and the Armed Forces. The various categories of employees whose data are available in the information system are:

* permanent staff, including those under probation;
* contract staff;
* temporary staff with more than a year's service;
* temporary staff with less than a year's service but waiting to be appointed on a permanent basis; and
* members of the Police and the Armed Forces serving in posts not belonging to the Police or the Armed Forces.

The information on employees covers a wide range of data such as the personal particulars, length of service, salary, academic qualifications, record of training, work experience, and even particulars of family members.

The main users of this system include the Public Services Department; several units in the Prime Minister's Department, such as the Economic Planning Unit, the Implementation and Co-ordination Unit and the Malaysia Administrative Modernisation and Management Planning Unit; other government agencies; unions and staff associations.

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The central system is essential because it facilitates the administration and development of an efficient and effective personnel management. It also assists in salary revision, manpower planning, preparation of budget estimates and surveys. The system also enables an employee to be contacted out of office hours.

Information in the Public Sector Establishment and Staff Information System has to be updated constantly and continuously. As such it requires data from all government agencies which are submitted through using various standard forms. These forms are:

a.   Form PR.JPA 2(Pin.1/88) – information on personal particulars, service and salary;

b.   Form PR.JPA 4 – information on academic qualifications;

c.   Form PR.JPA 5 – information on training;

d.   Form PR.JPA 6 – information on family;

e.   Form PR.JPA 7 – information on work experience.

The Public Sector Establishment and Staff Information System is maintained by the Government Staff Records Centre by two computerised systems. One is the Staff Data System and the other is the Establishment Data System. Information published annually includes the Annual Statistics on Civil Servants in Malaysia, the List of Officers in the General Administrative Service, and Book of Service Statistics. Information published semi-annually are the Statistics Bulletin and the List of Officers in the Diplomatic and Administrative Service. Information is also available on request and those requesting classified information have to get clearance from the higher authorities.

In managing the Public Sector Establishment and Staff Information System, the Government Staff Records Centre uses the computers in the Implementation and Co-ordination Unit, Prime Minister's Department on a time-sharing basis. Steps are being taken to upgrade the management of the information system with the use of a modern and up-to-date system as part of the computerisation programme in the Public Services Department. The development of information systems is closely linked to *information technology support* which is elaborated on in a separate entry in this series.

Supporting material

(i)   Service Instructions 1974, Chapter 2 (in the national language)

(ii)   Service Circular Letter No. 3 of 1988 (in the national language)

SECTION 2   MAKING GOVERNMENT MORE EFFICIENT

2.1   Improving productivity

2.2   Privatisation

2.3   Determining the appropriate size and structure of government

2.4   Introducing work measurement

2.5   Strengthening anti-corruption measures

2.1   Improving productivity

The evolution of the productivity and quality movement in the Public Service is best seen in an historical perspective. The development administration era of the 1960s and 1970s was instrumental in internalising the realisation that there is a constant need to improve consistently the service delivery system of the public sector.   An outcome of that era was the setting up of the Development Administration Unit in 1966, the National Institute of Public Administration (INTAN) in 1972 and MAMPU in 1977. Productivity and quality management, though not highlighted at that time, remained an integral and important part of the administration modernisation efforts undertaken by government.

The concern for productivity in the public sector further gained momentum with the setting up of the Organisation and Methods Division in the Treasury in 1984. In addition, following the introduction of the Productivity Measurement Programme in September 1986, the Productivity Management Division was set up in MAMPU in 1987.   However, it was later expanded to include in its purview quality management and was renamed Productivity and Quality Management Division.

The context for change

The concern for productivity gained momentum in the late 1970s and early 1980s as a result of the adverse effects of the world economic recession. The Government went on an austerity drive to reduce government expenditure in the face of reduction in revenue and the limitation of resources, as well as the rising expectation of the public for more, better and faster services.

Implementing change

In line with the need to reduce operating costs without sacrificing the quality of service to the public, the Government had to optimise the utilisation of its resources. Accordingly in 1985, a high level National Committee for Reducing the Size of the Public Service was set up to ensure that the bureaucracy would not be expanded beyond what was essential for the effective implementation of government decisions. A Panel to look into improvements to the Public Service was also established. In addition, a special Task Force on Productivity was established in the Prime Minister's Department to undertake surprise spot checks on government agencies to ascertain the level of implementation of the various productivity improvement measures and their effect on the performance of the agencies concerned.

One of the first productivity programmes undertaken by Government was the Productivity Measurement Programme and a Technical Committee was set up in MAMPU to develop that programme. Subsequently, the Productivity Management Division was set up in MAMPU to plan and implement productivity improvement programmes for the Public Service. Its four main objectives are:

- to provide advisory and consultancy services to government agencies with regard to productivity measurement and improvement;

- to conduct studies on behavioural aspects, work environment etc., which can affect productivity;

- to monitor and co-ordinate productivity measurement and improvement efforts by government agencies;

- to increase awareness of public sector agencies of the need and importance of productivity measurement and improvement.

The Productivity Management Division has carried out several major activities on productivity. These include:

- advisory and consultancy services to nine government departments regarding the implementation of the productivity measurement programme;

- talks and briefings on productivity to agencies;

- the publication of a magazine on productivity;

- a study on the opinion of public sector employees regarding motivation and the work environment;

- the publication of manuals/guidelines on productivity;

- the production of videotapes on productivity.

The following improvement efforts are other relevant efforts undertaken by the Government:

- implementation of Total Quality Management;
- encouragement of innovations in the Public Service;
- introduction of the Client's Charter;
- introduction of Performance Indicators;
- introduction of the Modified Budgeting System;
- introduction of the Micro-Accounting System;

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- introduction of the Internal Audit System;
- introduction of the New Performance Appraisal System;
- improvements in systems and procedures, office automation and information technology.

In 1989 the Government did some stock-taking which culminated in a renewed and concentrated focus on productivity and quality. The productivity and quality programme is targeted to achieve not only higher quantitative outputs but, more importantly, quality outputs. Public sector agencies are asked to shift their paradigms and be market-driven and customer-focused in the delivery of services. Realising that this calls for a quality culture, the Government launched a nation-wide Excellent Work Culture Movement and drew up a comprehensive long-term plan of action.

A particular initiative in improving productivity: productivity measurement

The Government is constantly emphasising productivity improvement as a means of upgrading the efficiency and effectiveness of the Public Service. To assist agencies to plan for productivity improvement, the Government has issued Development Administration Circular No. 6/1991 entitled Guidelines on Productivity Improvement in the Public Service. In undertaking productivity improvement efforts, agencies have been asked to establish a productivity measurement system suitable for the outputs being produced. Through measurement, management will be able to gauge the productivity level of their agency at a particular point in time, and whether productivity has increased or otherwise. This information provides a useful basis for planning further productivity improvement efforts.

All government agencies are required to improve productivity constantly at all levels of their agency. This is because with the creation of more productive departments/offices, the Public Service will be able to improve the level of its services to the public. With increased productivity, departments/offices will also be able to optimise resource utilisation as well as realise savings in operational costs. Productivity improvement has to be planned. Therefore the guidelines mentioned above were issued to assist government agencies to understand, plan and implement effective measures for productivity improvement in their respective agencies.

It has been found that several key factors contribute to the success of productivity improvement efforts. These are:

- top management commitment and support;

- a structure for the management of productivity improvement;

- involvement of all employees in productivity improvement efforts;

- training and recognition.

Before an agency can improve its productivity, it has first of all to understand the concept of productivity. Productivity is the relationship between the output generated and the input provided to create that output and can be defined as the value or quantity of output that can be produced by one unit of input. Productivity levels can therefore be in the form of cost per unit of output or time taken to produce a unit of output.

To improve productivity an agency has to take measures to strengthen factors which influence productivity. Eight factors have been identified as critical in productivity improvement. These are:

- manpower;
- systems and procedures;
- organisational structure;
- management style;
- work environment;
- technology;
- materials;
- capital equipment.

Productivity measurement is one of the important components in productivity improvement. It enables an agency to obtain information pertaining to the following:

- the extent of resources used;

- the extent of operational flexibility in the utilisation of human resources and equipment;

- identification of areas for productivity improvement;

- the organisation's operational cost.

There are four steps involved in the measurement of productivity. These are:

i) identification of main output in line with the objectives of the organisation;

ii)   determination of productivity indicators for each of the main outputs identified;

iii)   data collection; and

iv)   evaluation of current productivity levels.

The Government has also introduced several other related Development Administration Circulars such as the following:

*   Development Administration Circular No. 7/1991 on 'Guidelines on Quality Control Circles (QCC) in the Public Service', which is aimed at assisting government agencies to establish QCCs.   QCC is a good mechanism which encourages participative management and teamwork and facilitates problem-solving thus leading to greater productivity improvement.

*   Development Administration Circular No. 8/1991 on 'Guidelines on the Manual of Work Procedures and Desk File', a management tool for agencies that contributes to the improvement of the efficiency and effectiveness of the department.

In addition, the Government has also prepared a paper on "Unproductive Practices" which outlines examples of commonly found unproductive practices in government agencies. In terms of concept, unproductive practices are those which result in increases in operational costs which do not contribute to the achievement of organisational objectives. Such practices jeopardise the efficiency and effectiveness of the agency as well as resulting in wastage of resources.

As the quest for better productivity and quality is a journey and not a destination, there is no time frame for such efforts. They form an integral part of the daily activities of an organisation. They are strategic tools to help organisations review and improve systems, procedures, processes and other management practices. Agencies have been constantly reminded not to be complacent but to sustain and strive for continuous productivity and quality improvement. This has been accepted as the way forward to improve the nation's competitive edge in the international market place.

Supporting material

(i)   Annual Reports of MAMPU, 1987-89 (in the national language)

(ii)   Development Administration Circular No. 6/1991 entitled Guidelines on Productivity Improvement in the Public Service

(iii)   Development Administration Circular No. 7/1991 entitled Guidelines on Quality Control Circles (QCC) in the Public Service

(iv)   Development Administration Circular No. 8/1991 entitled Guidelines on the Manual of Work Procedures and Desk File

(v)   Paper on Unproductive Practices (in national language)

2.2   Privatisation

The Government drew up a privatisation policy in 1983 which has been implemented successfully.

Privatisation, as defined by the Privatisation Master Plan, is the transfer to the private sector of activities, assets or liabilities which have traditionally rested with the public sector. Privatisation in the Malaysian context not only involves the transfer of a public enterprise through the sale of 100 per cent or less of its assets or shares to private shareholders, but also includes the transfer of a department entity or statutory body.

The privatisation programme can be implemented in a variety of ways. These are:

•   sale of government assets or equity or sale of government companies' equity, whether in part or whole. The sale of equity can be made to government companies through corporatisation or transfer of equity to existing management/employees through a method called management/employee buy out;

•   lease of assets for a specified time period;

•   management contract which involves the use of management expertise from the private sector to manage government entities through payment of a fee;

•   Build-Operate-Transfer (BOT) or Build-Own-Operate (BOO) systems. This is one method used for new projects which are normally undertaken by the public sector, such as infrastructure projects and public facilities like roads, water supply etc. Under this method, the public facility concerned is built by the private sector using their own finances and is run by them under a period called the period of concession. It is surrendered back to the Government at the end of the concession period.

The context for change

The privatisation policy was introduced with the following objectives:

•   to relieve the financial and administrative burden of government;

•   to improve efficiency and productivity;

- to accelerate economic growth;

- to reduce the size and involvement of the public sector in economic activities;

- to help meet the national economic policy targets.

Implementing change

The following are important prerequisites for the successful implementation of the privatisation policy:

- Amendment of laws and regulations to allow privatisation to take place. Several laws which have been amended include the Federal Constitution and the Pensions Act.

- Deregulation and the lifting of barriers may take place to allow free competition. In areas where competition is not easily introduced, as in natural monopolies, existing regulatory bodies will be strengthened and new ones established.

- Increasing the absorptive capacity of the domestic capital market.

- Addressing the constraints on the demand side of the market.

The privatisation policy was implemented in stages. The first stage, which began immediately after the announcement of the policy, was basically a period of preparation and implementation. The Government disseminated important information pertaining to policy implementation to keep the public informed of its objectives and progress of implementation. The second phase came in 1985 with the publication of guidelines on privatisation explaining, among others, the methods applicable and the implementing machinery. The third phase was characterised by co-ordinated policy implementation with the publication of the Privatisation Master Plan in 1991. The plan is aimed at accelerating the pace of the privatisation process to achieve the policy's objectives.

The execution of the privatisation policy is based on the principle of centralised planning and decentralised implementation. The Economic Planning Unit of the Prime Minister's Department is responsible for the planning function which involves a continuous review of government activities and entities, and identification of privatisation candidates. A programme will be drawn up for more in-depth studies to be undertaken on these candidates. Based on these studies, a two-year rolling action plan will be drawn up. This plan will be discussed by the

inter-departmental committee on privatisation. Upon approval by the Government, the committee will evaluate the various possible modes of privatising the agency concerned.

These are deemed to be government-initiated privatisation projects and therefore subject to competitive bidding. The ministries concerned will extend invitations to the private sector to privatise these entities. The bids made by the private sector will be evaluated and an award made by the ministry. For private sector-initiated privatisation, the proposals will be submitted to the Economic Planning Unit for evaluation and if found to be acceptable, an award will be made by the ministry concerned.

The private sector will also be allowed to initiate privatisation of projects not yet identified by the Government and those identified by the Government but for which the private sector proposal contains unique features. The following criteria will be used as a general guideline to determine uniqueness:

- the proposal contains a unique solution to an economic problem and offers a cost-effective method of solving the problem or offers to generate potential savings for the Government;

- the private sector party may be in a unique position to effect successful privatisation of the project in view of its possession of certain patent rights or technical know-how.

Such proposals will be considered on a "first come first served" basis. If a proposal satisfies the uniqueness criteria, a letter of exclusivity will be given to the private sector party to conduct a feasibility study. If the Government finds the proposal favourable, an agreement will be negotiated and an award made. If negotiations fail, the project will be privatised through competitive bidding.

Many local authorities have contracted out some of their services, the most common of which are garbage collection and the management of car parks. Other methods include franchising and public-private sector joint ventures.

To date, a total of 90 projects have been privatised. The Economic Planning Unit has identified 200 projects to be privatised in the next ten years. The public sector workforce has been reduced by 86,171 employees, which is equivalent to 10 per cent, and is estimated to be reduced by 89,600 employees within the decade which will save the Government about RM3.3 billion in operating costs and not less than RM30 billion in new investments.

The efforts at privatisation in the last decade have been very successful as they have not only reduced the administrative and financial burden of the Government but

have also enhanced the efficiency and productivity of the entities privatised, and accelerated the achievement of the national development policy objectives. In view of its success, the implementation of the privatisation programme will continue to be accelerated. The Government will continue to reduce the role of the public sector in the economy by privatising those entities that can be better managed by the private sector.

Supporting material

(i)   Privatisation Policy (in the national language)

(ii)   Guidelines on Privatisation (in the national language)

(iii)   The Privatisation Master Plan

(iv)   The Civil Service of Malaysia, A Paradigm Shift, pp 743-765

(v)   Annual Report of the Public Services Department 1991-1992 (in the national language)

2.3 Determining the appropriate size and structure of government

The powers of the Government are divided into three functions namely:

*   the Executive which formulates policy and administers the affairs of the nation;

*   the Legislative which enacts laws; and

*   the Judicial which adjudicates disputes between subjects and authorities.

There is decentralisation of the Malaysian Federal System which comprises three tiers of government:

*   Federal Government
*   State Government
*   Local Government

At Federal Government level, the Cabinet exercises executive powers. It is headed by the Prime Minister who is assisted by Cabinet Ministers. The Chief Secretary to the Government is the Secretary to the Cabinet. The government administrative machinery is made up of 25 ministries. At State Government level, the executive authority is vested with the Ruler or the Governor assisted by a State Executive Council who is headed by the Chief Minister. The administrative machinery of the state is headed by the State Secretary. At Local Government level, the power of decision- making is transferred to the local authorities to administer an area.

This entry is only confined to the restructuring aspect of public sector agencies by the Federal Government as other aspects are already dealt with in separate entries in this compilation.

The Government has undertaken various efforts to improve the capability and efficiency of the Public Service among which are efforts to restructure the organisations and operations of government agencies, and efforts to right-size the Public Service. The restructuring of government agencies has been an on-going activity undertaken by the Public Services Department, though at the moment it is concentrated on agencies that are considered critical in terms of their role in the planning and management process of the economy, revenue earning, and Research and Development that support industry.

As of 1993, there were 653 public agencies and 1,056,164 posts in the Public Service. Out of these, 274 agencies are ministries, departments and federal statutory bodies, that is, excluding state agencies. From this total, 162 are in the economic sector, 54 in the social sector, and 58 agencies in the administrative and security sector.

The objective of government efforts to right-size and restructure the Public Service is to curb the growth of the public machinery. In fact, the move to reduce the size of the Public Service was initiated in 1982 as a cost-saving measure to reduce the operating expenditure of the public sector. Such efforts are also aimed at consolidating and rationalising the structure of government agencies in order to eliminate unnecessary duplication and obsolesce in their roles. Towards this end, the Government has set a growth rate of 0.53 per cent per annum for the period 1989 to 1995. This expansion will be distributed among agencies according to their contribution to national economic development as mentioned above.

The Second Outline Perspective Plan and the Sixth Malaysia Plan launched in 1991 have to be taken into account when the Public Services Department draws up a manpower master plan for the public sector. In addition, the recent introduction of the New Remuneration System (NRS) has made significant changes to the service structure of the Public Service which has affected the structure of organisations. As a result, agencies have to be restructured accordingly. With this restructuring, a number of posts will be abolished.

For example, subsequent to the implementation of the New Remuneration System, the Cabinet Committee on Public Sector Salary directed that a review be undertaken on the functions and position of statutory bodies. A total of 74 federal statutory bodies involving 99,060 posts are being studied. For this purpose, seven Working Committees have been formed under the Steering Committee On Reduction in the Size of the Public Service. The review is to determine whether these entities should take any of the following forms:

- be privatised;

- be allowed to continue under a different remuneration system or remain as they are;

- be abolished and their functions merged with other ministries/departments;

- be totally abandoned and dissolved if their functions and purpose of existence are no longer relevant to current development trends.

In addition, seven regional development authorities were also under review by the Implementation and Co-ordination Unit of the Prime Minister's Department. These

regional development authorities were classified into two categories, namely those based on the development of 'resource frontiers' and those based on 'in situ' development. The total number of personnel involved in the regional development authorities is 3,016 staff.

The need to review the position of regional development authorities arose as a result of policy changes and shift in strategic focus since the 1970s which affected the effectiveness of these authorities. Among the changes were:

- Since the early 1980s there was no longer emphasis on the need to control migration of workers from the low productivity rural areas to urban centres. As a result, the new growth centres within the regional development areas faced competition from other more developed regions in attracting workers. This had retarded the development of growth centres and the population in new townships did not reach the desired level as planned.

- The agricultural sector, particularly the plantation sector does not have a strong 'pull factor' to attract local labour. This sector had been facing severe labour shortage and was forced to depend on illegal foreign labour ever since the 1980s. As a result, the development of new townships did not attain the level planned by the regional development authorities.

- Under the Sixth Malaysia Plan, the delineation of 'corridors' of industrial growth did not include the industrial areas under the regional development authorities. As a result, these industrial areas were automatically classified as second and third class industrial areas which were less attractive to investors compared to industrial areas within the 'main corridor'.

- The development of the petroleum industry along the coasts of Terengganu and the East Coast became a strong 'pull factor' which attracted local labour. This has spurred development along the coastal regions which became major competitors to others.

All these issues have affected the performance of the regional development authorities. Though they have achieved considerable success in agricultural development and supply of social services, their achievements in other fields like investment, utilisation of industrial sites and amenities in the growth centres have been less than satisfactory.

Implementing change

The Government adopted two important guidelines in its endeavour to right-size the Public Service. These are:

- The Cabinet policy on the growth of the Public Service which stipulates a rate of 0.53 per cent per annum for the period 1989 to 1995;

- Any increase in posts is to be confined only to the social sector like education and health, and to critical areas which will assist in accelerating economic growth and revenue collection such as economic activities and investment promotion, research, human resource development, infrastructure and enforcement.

Guidelines on restructuring were also issued to agencies to assist them in preparing their restructuring proposals. These contain the following:

- agencies are required to review their objectives, functions, programmes and activities;

- the review must be based on the new perspective under New Remuneration System (NRS);

- the organisation structure can take any form that facilitates integration in the organisation;

- agencies are to expand and upgrade duties and responsibilities in each post in line with the concept of job enlargement and job enrichment and the combination of grades of posts under the NRS;

- the new structure should be flatter to expedite the decision- making process;

- vacant posts with overlapping duties, redundant posts or posts that do not contribute to the performance of the agency should be abolished;

- as far as possible, re-organisation should not involve additional posts, higher grades or additional costs;

- manpower utilisation should be reviewed through productivity programmes, work management procedures, office automation and privatisation of relevant activities.

In order to ensure that efforts at right-sizing the Public Service are carried out smoothly, the Steering Committee on Reduction in the Size of the Public Service was formed in 1984 by the Meeting of Secretaries-General and Heads of Service. This Committee is chaired by the Chief Secretary to the Government, and its members include the Director-General of Public Service, the Secretary-General of Treasury, the Director-General of the Economic Planning Unit and the Director General of the Malaysian Administrative Modernisation and Management Planning Unit. In order to co-ordinate the restructuring exercise for public sector agencies, the following two Committees have also been set up:

- Special Committee to Study Top Management Posts, chaired by the Chief Secretary to the Government;

- Working Committee in the Public Services Department.

Two hundred and twenty agencies out of a total of 274 have submitted their proposals for restructuring. Of those, 93 have been considered by the Working Committee in the Public Services Department and 60 by the Special Committee to Study Top Management Posts. Through this exercise, 9,253 posts have been abolished.

The Public Services Department is still studying the re-organisation proposals submitted by the agencies while the study on the functions and positions of statutory bodies is expected to be completed by April 1994. As regards the future position of the regional development authorities, most will be dissolved where their functions will either be taken over by other development agencies or privatised in phases within one to three years.

Supporting material

(i)   Improvements and Development in the Public Service 1990, 1991 and 1992

(ii)   The Civil Service of Malaysia – A Paradigm Shift, pp 667-671

(iii)   Annual Report of the Public Services Department 1991-1992 (in the national language)

2.4   Introducing work measurement

Productivity measurement is a prerequisite for productivity improvement. It forms the basis upon which the strengths and weaknesses can be analysed and plans for improvement made. It gives the agency direction and control over its operations. However, agencies have been reminded to devise simple and practical measurement systems and collect only those data that are useful and relevant.

The context for change

The Government's experience with work measurement started in 1987 with the introduction of the Productivity Measurement Programme. That programme was designed to enable an agency to measure how efficient and effective it has been in utilising its resources and achieving its objectives. The Government used the Productivity Measurement Model to assist agencies in the implementation of the programme. The Model consists of two stages, i.e. planning and implementation. The planning stage involves setting operational objectives and establishing productivity indicators while the implementation stage involves data collection and productivity measurement, and evaluation. A technical manual explaining the programme was prepared and issued to all government agencies.

Operational objectives were to be stated in measurable terms. Productivity indicators were to be established for processing work as well as knowledge work. Various methods of data collection were suggested. These included time logging, work plans, and monitoring by exception. From the information collected, the agency would be able to determine how well time had been spent, its relation to outputs produced and the distribution of workload among individuals and units. This would enable it to take action such as redeployment of staff or reassignment of tasks to increase productivity.

Implementing change

In 1991, the Government introduced a circular, Development Administration Circular No. 6/1991 entitled Guidelines on Productivity Improvement in the Public Service. Productivity measurement can be implemented at two levels:

*   the organisation level;

*   the individual level.

The successful implementation of a work measurement programme depends on several factors. These are:

- top management commitment;

- involvement and participation of all levels of employees;

- training and guidance;

- structure for the management of productivity improvement efforts;

- productivity measurement system.

At the organisation level, productivity measurement involves the following steps:

i) Identification of main output.

ii) Determination of productivity indicators which should be clear and easy to understand, readily available or easy to collect, and reflect the element of cost, quality and time.

iii) Data collection. Suitable forms have to be devised to collect data and data collected should be summarised to facilitate evaluation. Comparisons with productivity standard for the past years have to be made. Various methods can be used to establish the productivity standard. These are:

  - discussion with officers involved as to the most appropriate productivity standard to be used;

  - time and motion study;

  - historical records;

  - use of standards, which are considered to be international, for specific services such as health, road transport and fire services.

iv) Evaluation of current productivity levels. Where the level of productivity has not attained the productivity standard that has been set, studies should be carried out to identify causes for the shortfall and remedial action taken.

At the individual level, productivity measurement involves the following steps:

i) Determining the output produced.

ii)   Establishing performance standards/work norms which can be based on past records, time and motion studies, and discussion between the supervisor and employee involved.

iii)   Data collection and data collected should be summarised to facilitate evaluation.

iv)   Evaluation of current productivity level which should be carried out by the supervisor of the employee concerned.

Under the New Appraisal System, employees are required to determine their yearly work targets after their heads of department have determined the division/branch/unit's yearly objectives, strategies and programmes/activities. They will then be assessed based on the work targets set.

The Guidelines for establishing Performance Indicators in government agencies, introduced by the Government in 1993, are also aimed at assisting agencies to set up a systematic and comprehensive performance measurement system. In addition, Service Circular No. 4/1992 on the New Appraisal System for Public Service employees also stressed work measurement as a means of appraising employees' performance more objectively. It is closely linked to productivity measurement of the individual which is outlined in the Development Administration Circular No. 6/1991. The principles used in the New Appraisal System are as follows:

•   the rate of remuneration and awarding of incentives have to be based on performance;

•   evaluation has to be implemented in an objective and fair manner;

•   performance has to be based on work outputs which contribute to the achievement of organisational objectives;

•   positive competition among employees to improve productivity and quality should be encouraged.

Since productivity is relative and a productivity level considered high in the past would not be perceived as such in the present, productivity improvement should be made an on-going process. All agencies have been asked to make productivity measurement a part of their daily management routine. It is to be internalised as a normal management practice. Today, emphasis is also placed on quality as agencies are not only evaluated on their production capability but also on the capability of the output to meet and satisfy the needs of their customers.

Supporting material

(i)   Technical Manual on Productivity Measurement Programme for Government Agencies (in the national language)

(ii)   Development Administration Circular No. 6/1991, Guidelines on Productivity Improvement in the Public Service

(iii)   Service Circular No. 4/1992 and Guidelines on the Implementation of the New Appraisal System in the Public Service (in the national language)

2.5   Strengthening anti-corruption measures

Several institutions act as a mechanism to control discipline, accountability and integrity amongst public officials.   One of these institutions is the Anti-Corruption Agency (ACA).   ACA is a government institution directly responsible for enforcing the laws against corruption.   Acts which can be construed as corrupt practices are clearly spelt out in the Malaysian laws.   Amongst these laws are the Penal Code, Prevention of Corruption Act 1961, and Emergency Ordinance No. 22 (Essential Powers) 1970.

There are three types of offences that could be deemed as corrupt practices. According to the Prevention of Corruption Act 1961, it is an offence to accept or give any gratification as an inducement or reward to any person for taking certain actions.   The second type of offence is when any person knowingly gives any receipt, account or other document which contains any false, erroneous or defective statement with the intention to mislead its principal.   This is another offence which is contained in the Prevention of Corruption Act 1961.   The third type of offence is related to any public officer who uses his or her public position or office for his or her pecuniary or other advantage.   This offence is contained in the Emergency Ordinance No. 22 (Essential Powers) 1970.

The context for change

The Government is committed to establishing an efficient, clean, trustworthy and disciplined Civil Service.   Towards this end, it continues its efforts to inculcate good values on discipline, integrity and accountability amongst public officials.   In line with this, it has always been the policy of the Government to ensure that the Civil Service is free from the evil of corruption.   The intense efforts by the Government to prevent corruption is to maintain the excellence and credibility of the Civil Service.

Heads of departments are required to give special attention and to take immediate action on any disciplinary report submitted by the ACA.   Apart from this, heads of departments can also plan more effective preventive measures against corruption within their respective organisations.   This can be achieved by strengthening their internal control system such as by creating a check and balance system in decision-making.   With more accurate work norms and work standards for important work processes spelt out clearly in the Client's Charter, public officials will be prevented from soliciting for any gratification by delaying or expediting approval of any licence or permit.

Additionally, the top management in a department continuously supervises assignments undertaken by their subordinates. Close supervision is undertaken particularly on those assignments which are easily exposed to corrupt practices. By doing this, it is assured that no public official is involved in mismanagement, negligence or non-adherence to the rules set by the Government.

Implementing change

Various efforts have been taken to step up preventive measures and enforcement of laws to prevent corruption from spreading amongst civil servants. Among the preventive measures taken by the Government are:

a.   *Positive vetting*

The Government has issued the General Circular (Confidential) No. 1/1985 which gives powers to the Anti-Corruption Agency (ACA) to carry out positive vetting on public officers. This vetting is carried out from time to time to ensure that only officers who are not involved in corruption or malpractices are recommended for promotion; acting to promotion; optional retirement; receiving Federal or State Awards; and other related purposes.

b.   *Introduction of the Anti-Corruption Agency Report*

The old format of the Disciplinary Report prepared by the ACA was extremely long and information pertaining to offences alleged to have been committed by an officer were not clear, resulting in follow-up action being hampered. In order to improve and streamline the format of reports, a new and more comprehensive format entitled "ACA Report to the Head of Department" was introduced which included matters such as objectives, personal particulars of the officer, the background of the case, the findings of the ACA's investigation, conclusions and recommendations.

The new format enables the various Disciplinary Boards and Heads of Department to obtain clearer information regarding the personal particulars, post held, charges and the breach of the particular regulation. With this, the Disciplinary Board and the head of department are able to make decisions more speedily and appropriately concerning any case. Until October 1993, the ACA had prepared 114 such reports.

c.   *Prevention through law enforcement*

The Anti-Corruption Act, 1961 and the Ordinance No. 22, Emergency Powers 1970, as well as many other regulations give ACA powers to investigate, arrest and prosecute those involved in corrupt activities. In carrying out their duties ACA will

investigate anyone irrespective of his/her position or post. In order to establish public confidence and creditability, ACA is impartial and neutral in all its actions. Up to October 1993, ACA had arrested 157 civil servants involved in various corrupt practices.

d.   *Prevention through administrative proceedings*

In the preventive efforts through administrative measures, ACA has carried out the following:

- surprise inspections on government departments throughout the country;

- joint operations with the co-operation of other law enforcement agencies such as The Royal Malaysian Police, Road Transport Department, Anti-Smuggling Unit, Islamic Religious Department, The Royal Customs and Excise Department, Local Authorities and the Ministry of Domestic Trade and Consumer Affairs; and

- official visits to government departments throughout the country.

e.   *Prevention through information dissemination and education*

The Government is aware that a society free of corruption is vital to support the various development programmes of the nation. As such the co-operation and support of everyone are important in enhancing the effectiveness of corruption prevention activities. Understanding these realities, the Government has also embarked on activities to prevent corrupt practices through information dissemination and education.

f.   *Computerisation of management information systems pertaining to intelligence and investigation*

Information represents an important tool for management. Information must be collected, and processed efficiently so that it is readily available for analysis. Knowing the importance of this, ACA implemented a computerisation programme for critical information such as records of investigation and complaints received. The computerisation of this information has helped to increase the effectiveness of ACA in undertaking its various talks of combating corruption. ACA is also in the process of linking its computer at headquarters with divisions and operational branches.

Supporting material

(i)   The Civil Service of Malaysia – A Paradigm Shift (Chapter 7)

(ii)   Improvements and Development in the Public Service 1992 (Chapter 7, pp.427-438)

(iii)   Prevention of Corruption Act 1961

(iv)   Emergency Ordinance No. 22 (Essential Powers) 1970

SECTION 3   **IMPROVING THE QUALITY OF SERVICES**

3.1   Improving public reporting

3.2   Introducing a quality management approach

3.3   Establishing a customer orientation

3.4   Ensuring a right of redress

3.5   Improving standard-setting

3.1 Improving public reporting

Public reporting by the Government in policy, performance and information is covered either by law and regulations or administrative actions.

By-Laws and Regulations

a. The Statutory Bodies (Accounts and Annual Reports) Act 1980 requires the statement of accounts of the statutory bodies to be audited by the Auditor General. The accounts with the Auditor General's report will then be tabled in Parliament.

b. The Audit Act 1957 (Revised 1972) – Section 6 requires that the statement of accounts of government departments be audited by the Auditor General. The Auditor General's report will be sent to the respective minister and the report will be tabled in Parliament.

c. Section 16 (1) of the Financial Procedure Act 1957 (Revised 1972) requires that the Government publish a Financial Statement at the end of the financial year.

d. Section 18 of the Interpretation Act, 1948 and 1967, requires that:

    •   all Acts of Parliament and all Ordinances promulgated by the King;

    •   all Royal Proclamations, orders, rules, regulations and by-laws;

    •   all subsidiary legislation;

    •   all Bills; and

    •   all matters which are required to be published in the gazette, or which the Government deems necessary to be published for general information,

will be published in the Government gazette.

Administrative Actions

a.   Publication of Public Complaints Bureau's Annual Report. This report is
        available to the public.

b.   Annual publication of the report on administrative efforts undertaken by
        the Government and its progress.

c.   Various other informative publications published by the respective
        government agencies on their roles, functions and services offered.

The main reasons are:

•   to provide a responsive and accountable government;

•   to provide information on the financial and managerial performance of
        government departments;

•   to have a better informed public on government policies and activities;

•   To ensure a sharing of national vision, values and aspirations;

•   To provide an open and transparent government in terms of decision-
        making;

•   To provide a certain level of public expectation from public service
        delivery systems.

The cost of public reporting is high and is borne by the Government. Some of the
documents and publications are made freely available. Some costs are, however,
recovered from sales to the public.

There is particularly close links between public reporting and quality management.
The setting of standards at the activity and process levels of output, coupled with
the publication of these standards in the Client's Charter, further reinforces the
openness of government actions.

In a customer-oriented environment, the public needs to be well informed on what
the Government is doing. This leads to better understanding and support for
government actions.

Supporting material

(i)   Improvements And Development in the Public Service, Government of Malaysia, 1990, 1991, 1992

(ii)   The Civil Service of Malaysia – A Paradigm Shift

(iii)   Annual Report of the Public Complaints Bureau (1992)

(iv)   Statutory Bodies (Accounts and Annual Reports) Act 1980

(v)   Audit Act 1957 (Revised 1972)

(vi)   Financial Procedure Act 1957

(vii)   Interpretation Act 1948 and 1967

3.2   Introducing a quality management approach

Quality management in the Public Service was initiated by the political and administrative leadership. This initiative soon received the support and enthusiasm of public sector agencies as an approach to achieve excellence.

The context for change

The genesis of quality management can be traced to the development administration in the Sixties and Seventies followed by several innovative programmes in the Eighties. The special focus on quality management began with the launching of the Excellent Work Culture Movement in November 1989. The primary objective of the movement was to enhance public awareness on the importance of providing quality products and services, thereby institutionalising a quality culture where a mind-set of quality becomes a way of life. The movement provided the public sector with a new paradigm, one which orientates it towards becoming a distinct customer-driven entity. The basic philosophy of quality management is that it is a continuous process of making improvements aimed at satisfying customers through continuous problem-solving and innovation.

Quality used in the public sector is defined as any goods or services rendered that meets customers or stakeholder's requirements. The key concepts used are:

•   Customers include both internal and external customers.

•   Internal customers are individuals and/or divisions in the organisation who use the output, while external customers are agencies or individuals external to the organisation who use the organisation's outputs.

•   Quality can be assured through prevention activities. Quality problems are prevented from occurring in the first place by focusing on client needs and careful planning.

•   The standard of performance is zero-defect, which means meeting targets or standards set all the time and continuously reviewing them and meeting them.

•   The cost of poor quality is the cost of re-work and wastage.

- All work is seen as a process whereby work activity supports another activity. Work well done at every point in the process will finally assure quality service/product to the customer.

Environmental dictates (domestic and international) prompted the concerted effort and commitment into quality management. The factors which have led to the adoption of quality management are:

a.   An increase in public expectation and demand for better services. This is due to the higher level of educational attainment by the public which enjoys a better quality of life.

b.   The proclamation of Vision 2020 as the national aspiration to attain a "fully industrialised and developed nation status" within the next three decades prompted the public service to provide better quality products and services. There is an urgent need to develop an administrative system that is mission-oriented and has the inherent ability to focus on effective quality service delivery.

c.   The need to support the private sector, which is the nation's engine of growth, and to improve national competitiveness in the international trade. Thus the public service needs to streamline and upgrade its services as incentives for local and foreign investors to expand their businesses.

Implementing change

Based on the public service experience in quality management implementation, the following are important considerations:

- set quality objectives for the department;

- establish organisational quality policy;

- define quality for each department;

- identify the customer and establish features (e.g. timeliness, speed, accuracy, reliability, etc.) of service required by them;

- establish standards for each feature of service provided;

- involve and commit every member of the organisation to quality improvement by together establishing quality objectives, solving problems through team-work and encouraging innovation and creativity;

- training must be done on the concepts of quality, ensuring that everyone in the organisation has a common understanding of quality;

- Although quality is everyone's responsibility, establishing a proper structure to manage it facilitates the process of installing and later institutionalising the quality culture, mind-set and practices. A quality structure refers to the setting up a Steering Committee on quality, chaired by the head of the department with senior managers as members. Their main duties are to plan for quality initiatives, develop a strategic direction for the organisation and monitor the progress of quality implementation. The next layer is the Quality Co-ordinator and their team members. Their main duties are to conduct training, facilitate quality implementation and advise on quality problems. Quality Improvement Teams are established to solve quality problems.

The emphasis given by the Government to quality management does not merely hinge on exhortations but is reflected in the concrete action programmes taken. These action programmes are reflected in the following:

a. *Publication*: A manual on quality implementation was published in June 1990, six months after the launching of the Excellent Work Culture Movement. It outlines the critical stages involved in implementing quality management at organisation level. There are several bulletins on productivity and quality which highlight success stories in quality management. A public service magazine is published which provides a forum for the dissemination and adoption of ideas on administrative reforms, productivity and quality improvement and advances in information technology.

b. Twenty *Development Administration Circulars* were introduced and compiled. These Circulars serve as guidelines for a more efficient and effective public service.

c. A *comprehensive training programme* has been formulated. Training on all the Circulars mentioned above is conducted by the National Institute of Public Administration, the Government's training institute. This is to ensure that all civil servants are equipped with sufficient knowledge and skills to implement effectively the programmes advocated, as well as to internalise the desired values. To ensure that civil servants imbue these values in the future, the contents of these Circulars have been included in the syllabi for all public service examinations. Candidates considered for promotion have to attend a management course. Part of the curriculum of the course is based on the contents of the Circulars.

d.   *Monitoring*:   The success of the implementation of quality improvement programmes can be achieved by diligent monitoring. Surprise visits and inspections are conducted therefore by the Chief Secretary to the Government and the heads of departments/branches to check implementation on the ground.

e.   *Recognition*:   Several recognition incentives are introduced to reinforce positive behavioural attitudes that contribute to creating and sustaining a quality culture at organisational and national levels.

The initial steps taken in implementing quality management are directed at agencies involved in revenue collection, counter services and economic development. Currently, all agencies are expected to implement quality management practices.

Quality management is related to the following:

Human Resource Management
The involvement of every individual in quality management in an organisation is vital to its successful implementation. Top leadership must take the initiative to create an environment for quality management to happen by setting the future direction of the organisation and getting everyone in the organisation to rally round and realise the vision. More participative management has to be encouraged as problem-solving and the generation of solutions are done through team-work.

Training And Development
Training is important to ensure that all levels of management fully understand quality principles and concepts.

Performance Management
Performance measurement and management need to be emphasised. There must be continuous monitoring of whether outputs produced or services rendered meet the standards set.

Recognition
Recognition systems must be instituted both for organisations which exhibit quality features and individuals who have performed well. This is to ensure continued and sustained interest in quality until quality practices become a way of life.

The customer-driven orientation as introduced by quality management culminated in the adoption of the Client's Charter by all public agencies. The display of the Client's Charter by public agencies reflects their commitment to honour their pledges to their clients.

Generally about two years is required for the start-up phase: creating awareness of the importance of quality, training and the formulation of quality objectives, policy and the setting up of the formal structure to manage quality implementation. Internalisation of quality values may take longer. A fully-fledged quality system may take more than five years.

Supporting material

(i)   Productivity and Quality Management in the Public Sector in Malaysia, by Dr. Abdullah bin Abdul Rahman, Director-General of the Malaysian Administrative Modernisation and Management Planning Unit, Prime Minister's Department

(ii)   The Civil Service of Malaysia – A Paradigm Shift, Chapter 1

(iii)   Development Administration Circular No. 4 of 1991, Guidelines On Strategies For Quality Improvement In The Public Sector

(iv)   Development Administration Circular No. 1 of 1992, Guidelines On Total Quality Management in the Public Sector

(v)   Development Administration Circular No. 3 of 1993, Guidelines On Client's Charter

3.3   Establishing a customer orientation

The context for change

The seeds of the customer-orientation culture were first sown with the implementation of quality management in public sector agencies. Quality management was further reinforced by the launching of the Development Administration Circular No.3 of 1993 titled "Guidelines on Client's Charter" by the Prime Minister on 2 June 1993. Public sector agencies can use these guidelines to formulate their respective Client's Charter.

Implementing change

A Client's Charter is a written commitment by an agency to its customers. It is an assurance, commitment or guarantee of service based on quality standards set by the agency. It also spells out the rights of a customer and service recovery mechanism should it fail to fulfil its pledges. The Client's Charter is informative to the customer because it informs the customer on the standard of service expected from the agency.

The basic principles in establishing the Client's Charter are:

Setting standards of service
The formulation of quality standards is based on the quality features required and valued by its customers, as well as on the capacity of the agency to deliver such services. For example, the standard for speedy service could be two hours of waiting time before a patient can see the doctor; three months before a certain licence can be approved etc.

Measurement
Agencies are expected to monitor their performance on whether they are meeting the standards as promised to their clients.

Customer feedback
Customer feedback is encouraged as this will form a good indicator of agency performance as well as assisting the agency in making improvements. Customer feedback is solicited through customer surveys, suggestion boxes, toll-free calls etc.

Recovery mechanism
If the agency fails to live up to its promises, a recovery mechanism has to be instituted. A recovery mechanism is not an ad hoc matter but has to be designed

and planned. It has to be implemented where there is service failure. A guide on how to institute service recovery has also been prepared to assist public agencies in this endeavour.

As at December 1994, a total of 318 agencies have formulated their Client's Charter. The Client's Charter is exhibited, either posted at strategic places or produced in booklet form for distribution. As an encouragement, an award for the best formulated Client's Charter was introduced in 1993. Currently, an exercise is being carried out to measure the effectiveness of the Client's Charter.

The overall approach to the formulation of a Client's Charter can be summarised as:

- identification of customers and their requirements;

- identification of services rendered to customers and the quality features of such services;

- formulation of standards for the identified quality features of such services;

- formulation of relevant work processes, or improvement of existing work processes, to ensure standards promised are met;

- training in customer handling and customer relations;

- continuous monitoring on whether standards are met.

The Development Administration Circular No.3, 1993 entitled "Guidelines On Client's Charter" clearly outlines the steps in formulating the Client's Charter.

Formulation of the Client's Charter may take a period of three to six months. Once the Client's Charter is formulated, public agencies are expected to implement it, monitor and continuously improve the standards set.

Supporting material

(i)   Development Administration Circular No. 3, 1993, Guidelines On Client's Charter

(ii)   The Civil Service Of Malaysia – A Paradigm Shift 1993, Chapter 3

3.4   Ensuring a right of redress

Under quality management, customers' views and feedback are much sought after in order to make meaningful quality improvements. The Client's Charter further reinforces this practice by redressing or providing service recovery in the event of service failure. It is therefore the responsibility of individual departments to attend to customers' grievances and complaints.

However, quality management with its customer orientation focus is a recent addition to the existing mechanism of managing public complaints. The Public Complaints Bureau of the Prime Minister's Department, established in 1971, was given the task of undertaking this job. It is an independent organisation which looks into the nature of various complaints on all public agencies. Its restructuring in 1992 strengthened its administrative machinery to manage public complaints more effectively. The Bureau functions as the main channel for the public to forward their complaints or grievances on:

- dissatisfaction with services rendered by public servants, e.g. lack of courtesy, delay in providing services etc;

- administrative actions and decisions which are alleged to be unfair, against existing laws and regulations inclusive of misconduct, misappropriation, abuse of power and maladministration.

The re-organisation of the Bureau places great powers on the Permanent Committee on Public Complaints. Its chairman is the Chief Secretary to the Government and its members comprise very senior officials in the public service. These powers are clearly outlined in the Development Administration Circular No. 4, 1992, Managing Public Complaints.

The public is duly informed of their right of redress through:

- publication of the Annual Report of the Public Complaints Bureau;

- information and exhibition clinics held in various parts of the country to explain the purpose and objective of the Bureau;

- radio broadcasts;

- advertisements in local newspapers;

- video production on the functions of the Bureau.

At the end of November 1993, the Bureau had received 4,056 complaints as compared to 3,120 in 1992. It investigated 2,323 cases of which 1,075 were solved.

Having an effective complaint and redress mechanism is essential in an accountable, responsive and customer-oriented government. The above measures are taken to support government commitment and efforts to be accountable, fair, transparent, efficient and effective.

In addition to public awareness programmes on rights to complain if the need arises and the avenues for redress, a liaison officer at departmental level has been appointed to act as a link with the Bureau. These liaison officers are trained to assist them to discharge their functions and responsibilities.

Members of the public can also write in or go personally to the Bureau to make their complaints. In addition, the Bureau goes on a circuit tour of all the states in Malaysia to enable the public to file their grievances against government departments and agencies.

Supporting material

(i)   Development Administration Circular No. 4, 1992, Managing Public Complaints

(ii)   The Civil Service of Malaysia – A Paradigm Shift, Chapters 3 and 8

3.5   Improving standard-setting

Standard-setting has become a widespread practice under quality management. Every job done is seen as a process which consists of a series of actions that produce an output. Standards are required to be set during the process of producing the output, as well as at the final output.

The requirement that standards are determined during the process of producing the output is to ensure that the final output will conform to specific standards set. The guidelines for setting standards are:

- they must be specific;

- they must be measurable and stated in terms of cost, time, quality and quantity; and

- they must be achievable and realistic.

The internal processing standards and the output standards are documented in the department's Quality Handbook or in the Standard Operating Procedures. The Client's Charter records the output standards applicable to external customers. Some examples of standards established by various government departments can be seen in the supporting materials listed below.

The main objective is to provide the best possible service to customers. By setting standards for their final outputs, departments provide a level of service that can be expected by customers. Setting internal operating standards enables staff and employees to know the level of expectation of their departments.

Supporting material

(i)   Development Administration Circular No.3, 1993, Guidelines on Client's Charter

(ii)   Productivity and Quality Management in the Public Sector in Malaysia, by Dr. Abdullah bin Abdul Rahman, Director-General of the Malaysian Administrative Modernisation and Management Planning Unit, Prime Minister's Department

SECTION 4 IMPROVING PARTNERSHIPS WITH ORGANISATIONS/AGENCIES OUTSIDE GOVERNMENT

4.1 Ensuring contestable policy advice

4.2 Deregulation

4.3 Inter-governmental restructuring

4.4 Developing partnerships with industry

4.5 A particular initiative on local empowerment: discretion for local authorities to introduce reforms

4.6 Decentralisation

4.1 Ensuring contestable policy advice

The practice of opening a ministry's door to receive public views on policy formulation is heightened under the Malaysia Incorporated policy. However, the final decision on the policy will remain with the Cabinet with due regard to general public interest.

Ministers and departmental heads must be committed to the initiatives of government to improve organisational performance. Avenues must be open to seek public views on the effectiveness of policies whilst clarifying governmental policies and actions.

Policy proposals originate from respective ministries. In the process of making a policy proposal, ministries solicit views from certain sections of the public. For example the Ministry of International Trade and Industry through its Annual Trade and Industry Dialogue with trade associations gets feedback on the effectiveness of government policies on trade and industry. It provides a forum for the Ministry to clarify issues and get feedback in formulating trade and industrial policies. Another example is the Ministry of Finance which holds its Annual Dialogue sessions with the private sector to assist it in formulating the Annual Budget.

This is in line with the government initiative to be more customer-focused and to have a close rapport with the private sector, based on the underlying philosophy of serving public interest.

Supporting material

(i)   Improvements and Development in the Public Service 1992, Chapter 11 (pages 525 – 568)

(ii)   The Civil Service of Malaysia – A Paradigm Shift 1993, Chapter 17 (pages 792 - 821)

4.2 Deregulation

The context for change

An efficent, effective, timely and expeditious service delivery is a necessary prerequisite not only to support but to promote private sector activities. Growth of the private sector will stimulate and spur on the economic development of the nation.

Deregulating administrative procedures relating to business enterprises needs to be supported and supplemented by improved internal systems and procedures. Departmental employees need to be made aware of the importance of removing bureaucratic red tape and its impact on their work processes, the organisation, their customers and the economic development of the country.

Implementing change

Deregulation in the public service has specifically focused on reducing red tape in administrative procedures relating to improving business activities. Several administrative improvements have been instituted under the deregulation exercise as follows:

a.   The setting up of a one-stop centre called the "Centre For Advisory Services" in the Malaysian Industrial Development Authority, the agency responsible for the promotion and the co-ordination of industrial development. Previously, it was known as the Centre of Investment. This Centre was set up in October 1988 with representatives from the Ministry of Finance, Royal Customs and Excise Department, Ministry of Human Resource, Department of Environment, and the Factories and Machinery Department. With the setting up of the Centre, an investor does not need to go to various ministries and departments for advice or to get necessary approval. The Centre now receives, processes and conveys decisions on applications for:

- manufacturing licences;

- expatriate positions for manufacturing, agriculture, hotel and tourism;

- double deduction for approved training for the manufacturing sector;

- duty exemption on machinery and equipment;

- double deduction for research and development;

- employment of women workers for night shift work etc.

Eight similar centres have been established at state level. These centres co-ordinate and decide on all matters pertaining to the issue of licences, permits and approvals and problems faced by investors at state level.

Since the centres came into being, approvals for manufacturing licences and tax incentives have risen from 1,687 in September 1988 to 3,522 in September 1990. Approval for duty exemption on raw materials/components increased by 67 per cent over the same period. Furthermore, the processing time for applications for tax exemption was reduced to two months; exemption for import duties on raw materials and components to one month and exemption from customs duties for machinery and equipment to one month.

b.   In September 1990, a study on the "System Of Licensing and Permits Pertaining to Business And Investment" was undertaken. The study covered five major sectors namely manufacturing, distribution trades, hotel and tourism, housing, and transport and communication services.

The findings of the study revealed the following weaknesses:

- inconveniences in contacting many agencies at various levels each time a particular licence or approval is required;

- delay in obtaining approval of licences because many agencies are involved in reviewing and approving the application before a final decision is made;

- applicants are required to fill in basic information repeatedly on a variety of forms which are issued separately;

- the separate issuing of licences poses a problem to the applicants as they have to shuttle from one agency to another to obtain approval for various licences.

The study recommended six strategies to deregulate administrative procedures as follows:

i)   Composite application form

By using composite application forms, applicants are able to apply simultaneously for various licences which are issued by one agency and are necessary to operate their businesses. This eliminates the chore of filling in repetitive information on a variety of application forms.

ii)   Issue of composite licences

The issuance of composite licences is for the mutual convenience of the applicants and agencies concerned. With this strategy, applicants are able to obtain simultaneously various licences issued by a particular agency. At the same time, the issuing authority achieves greater co-ordination in processing applications among its various divisions and units which handle applications in the organisation.

iii)   Extending the validity period of licences

The extension of the validity period of licences from one to three years reduces the frequency of visits to relevant agencies by applicants to renew their licences. At the same time, issuing agencies reduce the workload of renewing licences annually.

iv)   Establishment of one-stop licensing centres

The establishment of one-stop licensing centres to act as a focal point for the issuing agency to receive application forms. The centres forward application forms to the respective divisions and units for processing and approval.

v)   Abolition of licences and licence fees

The abolition of certain licences or licence fees which are no longer relevant under present conditions.

vi)   Upgrading effectiveness of licensing systems and procedures

This strategy is aimed at upgrading the performance of relevant agencies to provide better and expeditious services to investors and businessmen. Among the actions recommended for the upgrading of the licensing systems and procedures are:

• 	expediting processing of licence applications through:

–   the delegation of powers of approval which are centralised to other officers; and

–   the use of computerised systems.

•   categorising on a uniform basis the types of businesses to be licensed under By-Laws;

•   introducing   new procedures or conditions to facilitate the application process;

•   exemption from conditions deemed unnecessary to certain sectors.

Action taken to implement these recommendations are outlined in the supporting materials.

The deregulation process started as a government directive. A central agency, the Malaysian Administrative and Management Planning Unit of the Prime Minister's Department, responsible for introducing administrative improvements in the public sector undertook the massive study on deregulating the licences and permits pertaining to the business sector. This study identified areas for deregulation which assisted the deregulation exercise substantially in addition to the initiatives by the respective departments.

The close collaboration between the Government and the private sector under the Malaysia Incorporated Policy greatly assisted the deregulation initiative. Feedback and identification of rules, regulations and administrative procedures which are cumbersome and dilatory in nature are done through the Consultative Panels established at federal, state and district levels.

Supporting material

(i)   Improvements and Development In The Public Service 1990, Programme Two (page 57) and Programme Four

(ii)   Improvements and Development In The Public Service 1991, Chapter 4

(iii)   Development Administration Circular No. 9 of 1991, Guidelines On The Implementation of the Malaysia Incorporated Policy

(iv)   Improvements And Development In The Public Service 1992, Chapter 3 (pages 266 – 277), Chapter 4 (pages 288 – 298)

(v)   The Civil Service of Malaysia – a Paradigm Shift, Chapter 17

4.3 Inter-governmental restructuring

This entry focuses on the local government revenue finance system.

As provided for under Section 39 of the Local Government Act 1976, the revenue of the local government consists of the following:

- all taxes, rates, rents, licence fees, dues and other sums or charges payable to the local authority under the provisions of the Local Government Act, 1976;

- all charges or profits arising from any trade, service or undertaking being carried out by the local authority;

- all interest on any monies invested by the local authority and all income arising from or out of the property of the local authority;

- all other revenue accruing to the local authority from the Federal Government or the State Government or from any other source as grants, contributions or endowments.

All monies received by the local authority are paid into a fund called the *Local Authority Fund,* the disbursement from which is under the direction and control of the local authority. The monies received in respect of the Local Authority Fund are usually lodged in current or deposit accounts with one or more banks licensed under the Banking Act, 1973. All orders or cheques against the Fund have to be signed by two officers authorised in writing by the local authority. Investments from the Fund are allowed but must be in safe investments and those authorised by the Minister of Finance.

The main source of revenue of local authorities is income from assessment rates levied on property in the local authority area. Such rates may be imposed either separately for a particular service or as a consolidated rate. Most local authorities opt for a consolidated rate, which is levied annually on rate payers and payable twice yearly at prescribed dates, usually at the beginning of the year and the middle of the year. In addition, separate rates may be imposed for sewerage improvement to meet the whole or part of the cost of the sewerage system and its maintenance and for drainage, to meet the cost of the construction of any drainage system.

The determination of rates is based on the principle of ownership of fixed assets or holdings within the local authority area. Such fixed assets include houses,

apartments, shops, offices, factories, vacant land and agricultural land. The main method of valuation currently used is termed annual value.

Financial arrangements between local authorities and the federal government include financing assistance in the form of direct grants and loans as follows:

a.   *Launching grants to local authorities*

Launching grants are paid out to a local authority when it is first established or restructured. The grants are utilised for the purchase of capital equipment and the financing of essential infrastructure projects. The launching grants are calculated based on the population level and the size of the area under the jurisdiction of the local authority. The maximum amount of a launching grant for a municipal council is RM3.42 million and RM4.12 million in respect of a district council.

b.   *Equalisation grants*

Equalisation grants are paid out annually for operating purposes. The grants are computed on the basis of the population of the area under the jurisdiction of the local authority and the revenue that the local authority is able to collect. The minimum payable in the form of an equalisation grant is RM215,000.

c.   *Local authority project grants*

Project grants are for financing development projects for three major categories, that is, socio-economic projects, infrastructure projects and those for beautification, cleaning and tourism. Such projects include the construction of markets, street lighting, eating stalls, bus stops, taxi stands and the repair of roads and drains. These grants are made available under the Five-Year Development Plans. A detailed evaluation of the requirements of the local authority is made and money is allocated in line with the priority determined by the central agencies. In allocating funds for development projects, emphasis is placed on projects which will generate revenue for the local authority and provide employment opportunities for people at the local level.

d.   *Loans to local authorities*

Financial assistance from the federal government in the form of loans is for the financing of large projects such as a shopping/trading complex, large markets and sewerage projects. Such projects involve large capital costs and most local authorities do not have the means to finance them out of their own resources. The federal government provides loans on a long-term basis with a relatively low rate of interest.

This system is designed to:

- encourage local authorities to develop their area of jurisdiction.

- encourage local authorities to increase their own sources of revenue by implementing various revenue-generating and development projects.

The key stakeholder is the head of the local authorities and the respective chief executive officer of the state government where the local authority is located. Through their commitment they can influence the course of development in the local authority and in getting higher revenue finance system. Under the Malaysia Incorporated Policy, opportunities are open for the local authority to get private sector support to stimulate economic development in the area.

Supporting material

(i)   Government Administrative Machinery in Malaysia, a report prepared by the Malaysian Administrative Modernisation and Management Planning Unit, Prime Minister's Department

(ii)   Local Government Act 1976

4.4   A particular initiative in developing partnerships with academic institutions: the National Housing Department

There is no specific policy regarding developing partnerships with academic institutions.   Public sector agencies act on their own initiative to establish relationships with various academic institutions in the country.   Partnerships with academic institutions normally focus on research activities.   The practice of the National Housing Department under the Ministry of Housing and Local Government is highlighted here.

The Research and Development Division of the National Housing Department has undertaken seven different research projects relating to the housing industry with either local or foreign universities and professional bodies.   These institutions provided the expertise and research capabilities in the subject areas of research.   At the end of the study a report was submitted to the Department.   The Department used these reports as inputs in their policy formulation relating to the housing industry.

The main reason for the partnership was to tap academic institutions for the expertise which the Department lacked.

Finding the required expertise was done through liaison with the various local universities.   Funding for the joint projects was either borne by the National Housing Department or jointly funded.   Both the Department and the academic institution have ownership of the research findings.   However, there is no guarantee that these research findings will be used in policy formulation relating to the housing industry.   The final authority to decide on this lies with the Ministry of Housing and Local Government.

Any endeavour in this partnership began with the identification of the academic institute and proper personnel/expertise to undertake the project.   Having done that, negotiations were initiated and the terms of reference of the study drawn up.   An agreement or memorandum of understanding was signed.

The length of the seven studies undertaken ranged from one year to four years.

4.5   Developing partnerships with industry

The context for change

Developing partnerships with industry in the Malaysian context is seen through the operationalisation of the Malaysia Incorporated Policy.

The Malaysia Incorporated Policy, introduced in February 1983, is one of the major strategies for national economic growth. This policy requires that the public and private sectors see the nation as a corporate or business entity, jointly owned by both sectors and working in tandem in pursuit of shared corporate goals. The policy implementation can take the form of consultative panels, forums, seminars, workshops, training programmes and even funding. This policy was given further emphasis and importance with the introduction of the guidelines on how to implement Malaysia Incorporated.

Implementing change

The mechanism to facilitate partnership and collaboration with industry is through the establishment of consultative panels. Ministries and departments at federal, state, and local district levels are required to establish their panels. These panels collaborate on issues pertaining to the specific functional areas of the respective departments. The apex of these consultative panels is the Malaysia Incorporated Officials' Committee chaired by the Chief Secretary to the Government. Its members are captains of industry, representative organisations of the private sector and senior government officials. It seeks to identify areas of co-operation and collaboration to improve the delivery of services from the public sector and to work towards improving public administration in so far as it concerns the critical operations of the private sector. The exercise to improve administrative systems, rules and regulations consistent with the need to deregulate administrative and regulative controls that stifle the growth and development of the private sector is an offshoot of this collaborative effort. Deregulation is discussed in the entry on "Deregulation".

An important contribution from the private sector is the opportunity given to senior government executives to participate in an attachment training programme in private firms. This programme was started in 1983 by the Public Service Department and the British-Malaysia Industry and Trade Associations. A similar programme has been designed for attachment to European and Japanese firms.

The success of Malaysia in reaching the stage of a fully industrialised nation depends on the ability of the public and the private sector to establish and maintain a relationship based on the spirit of co-operation, mutual understanding and consensus. Through these partnerships, public sector agencies continuously upgrade their operational efficiency, receive valuable inputs for policy formulation and required expertise. The ensuing benefits of this co-operation is in the form of higher dividends to the private sector leading to spin-offs in economic investments, expansion and growth.

Consultative panels are established with representation from various trade associations. Problems and areas of possible partnerships are identified there. Emphasis is on mutual co-operation and benefit and not "at the expense of".

Key stakeholders are the heads of departments and the interested parties of various sectors in the industry. Specific partnerships and collaboration may take a few years, i.e. for specific research or the completion of a project.

Supporting material

(i)   Improvements and Development In The Public Service 1990, Chapter 3

(ii)   Improvements and Development In The Public Service 1991, Chapter 3

(iii)   The Civil Service of Malaysia – A Paradigm Shift, Chapter 17

4.6 A particular initiative in local empowerment: discretion for local authorities to introduce reforms

This entry focuses on an experience by one of the local authorities in implementing government reform programmes. Within the parameters of the policy, some flexibility is given to local authorities to exercise discretion as to how it may be implemented on the ground.

The Petaling Jaya Municipal Council has embarked on several privatisation projects with the private sector to redevelop both the residential and commercial properties that it owns. By this venture, the developer undertakes to bear all costs and upon completion the Council receives a certain percentage of the completed development (assets).

This initiative:

- acts as an alternative source of income to the Council;

- optimises land utilisation;

- encourages a more active participation in local government by the local people through grassroots democracy.

The requirements for successful action are:

a.   the returns to the Council are in the form of assets;

b.   the developer undertakes all costs and risks of development;

c.   the land (which belongs to the Council) cannot be charged;

d.   the developers must:

    –   be financially strong and have the necessary skill and experience related to property development;

    –   deposit with the Council a performance bond of five per cent of the development costs.

Once a capable developer is identified to carry out the proposed project and the project is awarded, progressive supervision is conducted to ensure problem-free

project implementation. The key stakeholder is the President of the Council whose commitment is necessary to ensure the continual success of the project.

This has close links with the Malaysia Incorporated Policy where government agencies are encouraged to work closely with the private sector for mutual benefit and also with privatisation as discussed elsewhere.

4.7   Decentralisation

Decentralisation of functions in the Malaysian federal system which comprises three tiers of government, i.e. federal, state and local government, is discussed in the entry on "Determining the Appropriate Size and Structure of Government" in Section Two. Hiving away government functions is discussed under the topic of privatisation in the same chapter. This entry discusses decentralisation of powers from the Ministry of Finance to the ministries and departments.

Implementing change

Treasury Circular No. 8 of 1985 – Virement for Operating Expenditure, enables the controlling officer to make virement (transfer an allocation) from one General Object to another General Object within the same programme/activity without securing Treasury's prior approval. Treasury Circular No. 20, 1990 outlines new procedures for virement of yearly development expenditures whereby authority is delegated to the controlling officer to make virement from one subhead to another under the same Development Head for one particular year.

Where the total allocation of the development expenditure for the ministry/department is less then RM100 million, the total amount of virement allowed is 20 per cent or RM10 million, whichever is less. For allocation between RM100 million and RM500 million, the virement limit is 15 per cent or RM30 million. For allocation of more than RM500 million, the virement limit allowed is RM50 million. This flexibility is, however, accompanied by some conditions which are:

•   the virement warrant should be signed only by the Controlling Officer;

•   the virement from a subhead financed by direct grant to a subhead financed by borrowing, or vice versa, is not allowed;

•   the virement must not exceed the five-year ceiling of each sub-head.

Projects valued above RM350,000 which do not use standard plans are no longer required to seek approval from the Standards and Cost Sub-Committee (SCSC). This flexibility is given via the General Circular No. 2, 1990 which provides:

•   all development projects valued below RM 500,000 are exempted from SCSC approval;

- all development projects implemented on a Turnkey or Direct Negotiation basis need to be referred to the SCSC only during the early stage of the project proposal;

- all development projects implemented by the Department of Works and the Department of Irrigation and Drainage that follow the guidelines given need not be referred to SCSC.

These developments provide more flexibility in financial management to ministries and departments to manage their organisation more efficiently.

Officers must be well versed in all the regulations and directives pertaining to the operating and development expenditure. In this respect, training on Modified Budgeting System (MBS) is conducted by the National Institute of Public Administration for financial and budget officers.

The key stakeholders are the controlling officers who will be assessed on the financial performance of their respective agencies. Such an exercise in decentralisation starts at the Federal Treasury as an initiative to give heads of departments more flexibility to manage their departments efficiently and effectively.

This decentralisation of power is related to the Modified Budgeting System (MBS) which was implemented on a pilot basis in 1990. The aim is to improve the accountability of controlling officers in the management of resources allocated to them to achieve government objectives. Under MBS, ministries are allocated a budget ceiling which cannot be exceeded. However, controlling officers are allowed to vire between activities within the same programme without prior approval from the Treasury.

Supporting material

(i)   Improvements and Development in the Public Service 1990, Chapter 10 (pages 221 – 223)

(ii)   Improvements and Development in the Public Service 1992, Chapter 8 (pages 452 – 453)

(iii)   Treasury Circular No. 8 of 1985 – Virement For Operating Expenditure (in the national language)

(iv)   General Circular No. 2 of 1990 – Standard And Cost Sub-Committee (in the national language)

(v)   Treasury Circular No. 20 of 1990, Virement For Yearly Development
        Expenditure (in the national language)

SECTION 5 MAKING MANAGEMENT MORE EFFECTIVE

5.1 Improving management information systems

5.2 Improving information technology support

5.3 Improving internal management advisory capacity

5.4 Improving the management of external consultants

5.1   Improving management information systems

Typically, a government agency is involved in policy formulation, executive activities and management of resources. The vital input for these activities is information which has been rendered available and useful through organised information systems. Information systems (IS) are the IT (information technology) and non-IT-based systems which support business needs.

Readily available and up-to-date information is a vital resource and enables fast and good decision-making by managers in the public and private sectors. As an organisation becomes bigger and more complex, there is an increasing emphasis on computer-based information systems.

In the Civil Service, there has been a broadening in the scope of IT applications. Apart from traditional applications such as transaction processing and management information systems, government departments are beginning to implement new applications such as image processing, information retrieval systems, electronic data interchange, executive information systems, work-flow automation and others. Most government agencies possess a variety of information systems adapted to their requirements in carrying out their daily operations more efficiently and effectively.

In its continuing efforts to upgrade the Civil Service, the Government introduced the Civil Service Link (CSL) as an on-line information database system in June 1994. With the CSL, companies and individuals will be able to access information on government services at the touch of a button.

The context for change

The Civil Service Link (CSL) is an information centre that will be responsible for acquiring, organising and making available on request, information pertaining to various aspects of public sector administration. At this centre, the private sector and the general public can readily obtain information on how to deal with the public sector such as procedures in obtaining business licenses, taxation rates, etc.

As an information centre, the roles of the CSL will encompass the following:

a.   identifying the user community and their information requirements;

b.   operationalising the centre and providing information services efficiently to ensure its continuous existence; and

c.   ensuring that data are kept up to date.

The CSL has to carry out the following functions:

a.   create a repository or database containing information related to public sector administration and management;

b.   provide users with the facilities to access information, either on-line or off-line;

c.   act as a clearing-house for applications/requests for government information;

d.   act as the centre for documenting and disseminating government information;

e.   promote the creation of public domain databases in government departments;

f.   promote research and development in government information and its utilisation; and

g.   link up other such databases in government agencies to its computer system.

Some of the benefits that can be gained from the establishment of CSL are:

a.   users can obtain government information with relative ease;

b.   it can contribute towards making the Malaysian public service a more open civil service and one that is more accommodating to the requirements of the public;

c.   it can ensure that all efforts made in improving the public service are well documented and disseminated to government agencies, as well as to the general public;

d.   it can promote the practice of good information management among government agencies;

e.   it can create an agenda for the promotion of R&D in government information and its utilisation; and

f.   it can support efforts towards creating the Malaysian Civil Service as a world class civil service.

The main objectives in establishing the CSL is to facilitate users to gain access to information on the machinery and to standardise the formation of public domain databases and government departments' networking system.

Implementing change

The development of the CSL will be user-driven in approach in that the type, quantity and quality of information to be kept will be determined on the basis of users' needs. This will ensure that the CSL always fulfils user requirements and so gain the confidence and continuous support from them.

Initially, the CSL database will cover only information related to government organisations responsible for issuing licences, permits and approvals. Information to be provided includes:

a.   objectives, functions and organisation structure;

b.   services offered;

c.   address, telephone and facsimile numbers;

d.   activities which require licences and approvals;

e.   fees and methods of payment;

f.   acts/regulations/guidelines concerned;

g.   time taken to process applications; and

h.   list of publications.

Other types of information in great demand by the private sector and dynamic enough to ensure a high level of usage of the CSL will also be kept. Such information includes that related to tenders; economic data/major economic indicators; trade statistics – import and export; classification and rates of custom duties; information from the Statistics Department; population census; labour market and employment status; information from the Registrar of Companies and Registrar of Businesses; and business community information, such as creditworthiness of companies.

In addition, the successful establishment of CSL and its continuous existence require an effective implementation strategy, an appropriate organisational structure, adequate funding resources, and a management structure that can provide vision and direction to the CSL.

The CSL will provide the following types of services to users:

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a.   On-line search and retrieval

The on-line search and retrieval service will allow users to browse through, search and retrieve information required from the CSL. For this purpose, a user is only required to have at the minimum, a micro-computer or a terminal and software and the ability to communicate with the CSL using either existing telecommunication facilities provided by Telekom Malaysia Berhad such as MAYPAC, (dial-up, lease lines) or the Public Services Network (PSN).

b.   Announcements/broadcasts

Announcements can be effected using media such as bulletin boards, periodicals and others to announce new titles or information to users.

c.   Document delivery

Document delivery includes the process of preparing, copying, delivering or lending of documents to users upon request.

d.   Referral services

For information not available in the CSL, referral services will be provided to link users with organisations or persons who can be contacted to obtain the desired information.

With the provision of such services, users will be offered flexibility in choosing the method of obtaining information best suited to their own needs and means. Users who have computer faciiities will be able to request information via electronic mail to the CSL operator, who will then retrieve the required information and have it sent to the user through electronic mail. Users who do not have their own computer facilities can request for information via normal mail, facsimile and other means.

The CSL will be conducted in three phases and will be fully implemented by January 1995.

Supporting material

The Civil Service of Malaysia – A Paradigm Shift (Chapter 6, pp 449 - 572)

5.2   Improving information technology support

The upward trend in the use of information technology and the widening of the types of computer applications implemented, show clearly that the use of information technology in the public sector is undergoing a transformation. With public sector personnel, including professionals (such as doctors, engineers, teachers), administrators, support staff and other government officers (police officers, agricultural officers and surveyors) becoming adept IT users, information technology is increasingly being looked on by various categories of public sector personnel as an enabling tool to upgrade the quality of their work and performance. This trend is expected to continue in the future with the commitment and concerted efforts of the Government to upgrade the performance, quality and productivity of public sector personnel.

The context for change

Rapid growth in the use of information technology is evident in all the government sectors, namely trade and industry, security, administration and finance, land and agriculture, education, social and support services at   federal, state and local government levels. In general, the use of information technology in government falls under four categories:

i)   administrative modernisation, particularly in areas such as accounting, finance, project management, inventory control and counter services operations;

ii)   education and training in schools, colleges, and universities;

iii)   research and development (R&D) in R&D institutions for the processing and analysing of data; and

iv)   access by the general public, businessmen, researchers and other users to fulfil their information requirements in areas such as agriculture, business, research, health, education and recreation.

Public sector computerisation continues to receive significant government support. This is seen in the intensification of government efforts to strengthen the information technology base in the management of public service. For instance, the value of approvals given for computerisation in government agencies has increased from RM197 million in 1992 to RM243 million in 1993. In terms of sectors, the biggest approval in 1993 was for the administration and finance

(RM153.40 million) followed by education, social and support services (RM22.88 million) and land and agriculture (RM11.60 million). In the last five years, i.e. from 1989 to 1993, the Government has approved a total of RM851.49 million for computerisation projects.

The strong support by the Government in IT development in the public sector is in line with the efforts to achieve the objectives of an Information Technology programme which had been incorporated into the Sixth Malaysia Plan. The objectives of this programme are:

a.   to enhance the productivity of operational functions of government;

b.   to enhance managerial effectiveness;

c.   to promote availability and accessibility of information;

d.   to develop an information technology infrastructure; and

e.   to assist in the creation of an information-rich society.

To achieve the above objectives, the Government focused especially on areas such as standards development and implementation; database development; setting up of a government data network; computer security enhancement; human resource development; and IT awareness promotion.

Implementing change

IT planning takes place both at the macro level and the micro level. At the macro level, there is the National Committee On Data Processing (NCDP) which has been entrusted with the role to formulate national policies that will promote the usage of IT for administrative modernisation and national development. MAMPU is the secretariat to the NCDP. Thus all matters related to electronic data processing in the Government require the approval of the NCDP. These include:

•   acquisition of Electronic Data Processing (EDP) equipment;

•   upgrading of existing EDP equipment;

•   replacement of existing EDP equipment;

•   acquisition of micro-computers;

•   acquisition of software;

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- procurement of consultancy services for studies, development, design and implementation of computerised systems;

- acquisition of data processing services from EDP service bureaux or using facilities that are available in other government agencies;

- other aspects in advancement of computer technology usage that arise from time to time.

To assist the NCDP in carrying out its duties effectively, the following three Advisory Committees were established:

i)   *The Administration and Implementation Committee (AIC)*

Its main function is to appraise and recommend for approval proposals for acquisition of computer equipment, software and consultancy services from government agencies which are funded by the federal and state governments. The AIC can also make recommendations to promote the development of the computer industry in the nation.

ii)   *The Technical Operations Committee (TOC)*

Its main function is to determine standards for government computer installations, prepare guidelines and determination of criteria for selection of equipment, software and consultancy services.

iii)   *The Education and Training Committee (ETC)*

Its main function is to plan and co-ordinate computer training programmes for all levels, in accordance with national requirements.

A government agency planning to computerise its operations has to have a five-year plan. The steps involved in the computerisation process are as follows:

- preparation of a draft five-year information system plan;

- approval of Ministry Steering Committee;

- approval of NCDP through AIC;

- preparation of a feasibility study of specific applications by Technical Committee;

- approval of Steering Committee;

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- approval of computer acquisition by NCDP through AIC;

- submission by agency to Public Services Department for manpower and to the Treasury for funds.

Several guidelines have been prepared to assist MAMPU, as the central agency responsible for government computerisation, and all government agencies in their computerisation efforts. Two more sets of guidelines are still in the preparatory stages. They are the 'Guidelines on Technical Evaluation' and the 'Guidelines on Computer Security'. The guidelines available are:

a.   Guidelines for Preparation of Tender Specifications;

b.   Guidelines on the Appointment and Management of IT Consultants in Government;

c.   Guidelines for Post-Implementation Evaluation of Computerisation Projects in the Public Sector;

d.   Basic Technical Specifications for Open Systems;

e.   Guidelines on Computer Performance Evaluation;

f.   Guidelines on Benchmarking;

g.   Guidelines for Evaluation of Data Communication Services and Network;

h.   Guidelines For Migration To Open Systems;

i.   Guidelines For The Computerisation In the Public Sector.

Information technology infrastructure is essential in facilitating wider usage of computer and information resources. Availability of an appropriate and efficient information technology infrastructure will expedite and enable smooth and successful implementation of computer projects. Realising that information technology infrastructure is a basic necessity in promoting the development and greater usage of information technology, the Government has embarked on important information infrastructure development projects. These projects are associated with the two most critical components of information technology infrastructure, namely information sources such as databases and communication channels.

The Government is also aware that to develop an information technology infrastructure that supports a wide-range of information services to various

categories of users, a strategy is required to ensure that computer systems of various brands can communicate and inter-operate with one another. Open Systems presents such a strategy that can help deliver the required environment. The Public Sector Open Systems Programme consists of the following implementation strategies:

a.   publication of basic technical specifications for procurement of new computer systems;

b.   publication of open systems migration guidelines;

c.   conducting basic training programmes, seminars and awareness workshops;

d.   establishment of open systems training laboratory; and

e.   establishment of open systems technical expertise centre.

In the area of information technology, human resource development is not only critical to the development of the information technology industry but also significant in ensuring maximum utilisation of information technology in every aspect of life. For these reasons, the Government has focused its efforts in training and human resource development at all levels such as in schools, universities and institutes of higher learning as well as in the Civil Service.

Supporting material

(i)   The Civil Service of Malaysia – A Paradigm Shift (Chapter 6, pp 449 - 572)

(ii)   Guidelines for Preparation of Tender Specifications (BTM.GP 1/92)

(iii)   Guidelines on the Appointment and Management of IT Consultants in Government (BTM.GP 2/92)

(iv)   Guidelines for Post-Implementation Evaluation of Computerisation Projects in the Public Sector (in the national language) (BTM. GP 3/92)

(v)   Basic Technical Specifications for Open Systems (in the national language) (BTM.GP 8/92)

(vi)   Guidelines on Computer Performance Evaluation (in the national language) (BTM.GP 4/92)

(vii)   Guidelines on Benchmarking (BTM.GP 5/92)

(viii)   Guidelines for Evaluation of Data Communication Services and Network (in the national language) (BTM.GP 6/92)

(ix)   Guidelines For Migration To Open Systems (BTM.GP 7/92)

(x)   Guidelines for Computerisation in the Public Sector (in the national language)

5.3   Improving internal management advisory capacity

Management consultancy is one of the continuous efforts undertaken by the Government for the purpose of improving efficiency and effectiveness of the Civil Service. With a stable and capable public administration, the Government hopes that it will be able to discharge its duties with excellence in achieving its objectives. The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) in the Prime Minister's Department has been given the responsibility of being a management consultant to government agencies.

The management consultancy that is undertaken by MAMPU can be categorised into two types of services. First, MAMPU functions as a resource consultant where, based on its expertise and experience, it recommends methods and solutions or action programmes that are appropriate for an organisation. Secondly, MAMPU acts as a process consultant where its role is more of a facilitator. The focus of this type of consultancy is to introduce the client agency to suitable methods and approaches so as to increase the client agency's ability to identify, diagnose and solve the problems faced by it. In carrying out management consultancy studies, a combination of both these types is used.

Management consultancy in the public sector focuses its attention on the following areas : corporate planning; organisational design; systems and work procedures; financial management; human resources management; information technology; and productivity and quality improvement.

Systematic studies on government agencies are conducted to identify and diagnose various management weaknesses as well as to make necessary recommendations. The objective is to create appropriate management systems so that client agencies are able to optimise the utilisation of resources in achieving organisational objectives.

Management consultancy studies undertaken by MAMPU are based on directives from the Prime Minister, the Cabinet, the Chief Secretary to the Government and also on requests by heads of federal ministries, departments, state authorities and statutory bodies. However, a preliminary survey is required to be carried out prior to a detailed discussion to determine the terms of reference agreeable to the clients before the commencement of the study proper.

The general approach used by MAMPU in management consultancy consists of six main steps : *situational analysis* or "where are we"; *desired goal* or "where do we want to go"; understanding of the demands of the *internal and external environment*; *identification of weaknesses/problems* by comparing the present

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performance and desired goals; analyse the causes of problems and finally *recommend alternative actions* to solve the problems.

MAMPU also inspects, examines and assists government agencies in the implementation of Development Administration Circulars and other administrative procedures issued from time to time in the Government's efforts to improve the Civil Service. This function is undertaken by its Inspectorate Division established on 28 August 1991. Through visits by the Inspectorate teams, heads of departments are assisted in identifying problems encountered in the implementation of these Circulars and directives. Appropriate proposals and follow-up actions are then suggested to help the agencies overcome these implementation problems. In addition, consultancy and advisory services are also rendered during these visits.

Supporting material

(i)   Corporate booklet issued by the Malaysian Administrative Modernisation and Management Planning Unit

(ii)   Improvement and Development in the Public Service 1992 (Chapter 13, pp 603 - 623)

(iii)   Improvement and Development in the Public Service 1990 (Chapter 13, pp 261 - 284)

5.4 Improving the management of external consultants

This entry covers the appointment of external management consultants by government agencies of the Malaysian Public Service. One of the functions of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Prime Minister's Department is to provide management consultancy to government agencies. However, in cases where MAMPU is lacking in expertise and capability, agencies are permitted to engage external consultants to assist them in modernising their administration.

The context for change

Any appointment of an external consultant has to abide by the procedures as spelt out in the General Circular Letter No. 5 of 1980 issued by the Prime Minister's Department. That Circular on "The Committee On The Appointment Of Private Management Consultant In Administrative Modernisation", touches on matters relating to the appointment and the management of consultants as well as the payment of consultancy fees.

An agency approved to engage an external management consultant is required to:

a.   draw up a detailed term of reference;

b.   obtain the necessary funding;

c.   set up a Steering Committee;

d.   carry out the necessary procedures relating to procurement as laid down by the relevant Treasury Instructions; and

e.   submit regular progress reports on the works of the appointed consultants to MAMPU for a specified period.

The engagement of external consultants is similar to the procurement of goods, works and other services. Hence, the ruling requiring all government agencies to obtain prior approval from the Committee On The Appointment of Private Management Consultants. This is to regulate as well as to ensure better co-ordination regarding the appointment of private consultants by government agencies in order to avoid wastage of public funds.

Implementing change

All applications to appoint consultants from the private sector, particularly in the field of administrative modernisation, have to be approved by the Committee On The Appointment of Private Management Consultants. MAMPU is the secretariat to this Committee. This Committee studies the technical aspects of the proposal submitted by the consultants. Its decision is final. In addition, the consulting firms must be registered with the Ministry of Finance in order to qualify for consideration for appointment.

Before final approval by the Committee On The Appointment of Private Management Consultants is given, the agency wishing to engage a private consultant has to submit an application to the Committee giving the reasons for the need of a consultant as well as the scope of study. Once the Committee decides that the services of a private consultant are needed, the agency concerned has to set up a Steering Committee.

Among the functions of the Steering Committee set up by the agency concerned are:

- to invite proposals from registered consulting firms;

- to evaluate all the proposals received and prepare a report assessing the track records of the various consulting firms, their methodologies and the experiences of their consultants;

- to negotiate with the successful firm to determine the payment of consultancy fees and to co-ordinate other matters that may arise; and

- to monitor and implement the recommendations of the consultants.

The Steering Committee will then submit an assessment report to the Committee On The Appointment of Private Management Consultants for the final decision on the appointment of the consultant.

Supporting material

General Circular Letter No. 5 of 1980, "The Committee On The Appointment Of Private Management Consultant In Administrative Modernisation" (in the national language)

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SECTION 6   IMPROVING THE MANAGEMENT OF FINANCE

6.1   Strengthening internal audit systems

6.2   Strengthening external audit systems

6.3   Achieving an output-orientation

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6.5   Improving procurement procedures

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6.1   Strengthening internal audit systems

Among the Government's efforts to strengthen internal control in government agencies is the setting up of Internal Audit Units (IAU). As at the end of 1993, a total of 17 ministries and departments have set up IAUs.   The role and responsibilities of the IAU are outlined in Treasury Circular No. 2, 1979 on "Implementation of Internal Auditing in Federal Government Agencies". The IAU is responsible for carrying out independent observations on an agency's activities and operations on a regular basis and to report its findings, as well as its recommendations with regard to corrective measures and improvements, to the agency's top management.

Organisationally, the IAU is a part of the agency where it is set up and is responsible directly to the head of the agency. Operationally, it also receives directives and supervision from the Financial Management Systems Unit (FMSU) in the Ministry of Finance which acts as the central authority to all IAUs in ministries and departments.

The Government has also issued a circular on "Guidelines on the Role and Responsibilities of Ministries, Board of Directors and Chief Executives in the Management of Statutory Bodies" which makes it mandatory for all statutory bodies to set up IAUs. The IAU in the statutory body is responsible directly to the Chief Executive of the statutory body.

The context for change

The Government's emphasis on strengthening internal audit control is to improve the level of accountability among Public Service employees as well as to increase their understanding of the accountability concept regarding effective financial management. The concept of accountability in financial management is closely related to the responsibility of public officers to manage public assets and resources in an efficient, trustworthy and prudent manner.

The concern for greater accountability of the Public Service precipitated the amendment of the Audit Act in 1982. This amendment enhanced the powers and duties of the Auditor General, enabling that official to undertake extensive investigative audit of the activities of government agencies on a much wider scale. Falling within the purview of this extended auditing (known as "management performance audit" or "value for money" audit) is emphasis on the principles of efficiency, economy and effectiveness by which government agencies pursue their departmental objectives. In accordance with the Audit Act, the Auditor General is

required to submit his findings to the House of Parliament for the close scrutiny of the Public Accounts Committee (PAC) which acts as a representative of Parliament. The PAC represents the highest control level on public expenditure. Its investigations focus on whether approved funds are disbursed for the purpose for which they have been approved and on whether expenditure has been properly incurred. Its basis of investigation is the Auditor General's Reports which are annually laid before Parliament.

The Auditor General's role and responsibilities are clearly spelt out in the Federal Constitution (Articles 106 and 107) and the Audit Act 1957. The Constitution requires that any money to be spent must be authorised by law and that the public accounts must be audited and reported on by the Auditor General.

Despite efforts to ensure that public expenditure is managed in a thrifty, trustworthy and prudent manner, certain weaknesses still exist. The Auditor General's reports from 1988 to 1992 highlight the commonly found weaknesses in financial management in government departments as follows:

- preparation of budget estimates that exceed actual requirements;

- additional allocations requested by agencies are not expended;

- the Vote Book is not complete and up-to-date;

- payment vouchers are not verified and properly supported by the necessary documents;

- weaknesses in stores/assets management;

- weaknesses in internal control with respect to revenue collection;

- weaknesses in the management of development projects.

Implementing change

Apart from the Parliament, the Ministry of Finance, the Controlling Officers of the various ministries, departments and agencies, the Auditor General and the Public Accounts Committee are all responsible for ensuring greater accountability in the public sector. Although there are in place adequate policies and procedures regarding financial control, there are still weaknesses in areas of revenue collection, expenditure control and store management. Among other reasons, this is due to the failure of management to be involved in financial management and control, delays in submitting annual financial statements and lack of proper record-keeping.

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The head of department is not only the one who ultimately determines that all accountability obligations of the department are conformed to, but also the one who creates and sustains an ethos of accountability. The head of department must be the role model and strive to create a culture where the practice of accountability is internalised as a core value within the department. The discharge of accountability obligations must not be treated as a mere routine function that needs to be carried out because of external imposition. In this respect, the head of department should not treat the process of financial auditing as a bothersome annual affair but should strive to provide the necessary information required in a responsible manner.

In addition, there should also be an effective budgeting system to apportion allocations in line with the aspirations and objectives of the Government, supervision and control over the use of human and other assets, an effective and efficient accounting system and the provision of training.

The IAU in the ministry/department is responsible for the following:

- to determine whether the agency's financial operations are properly managed and to ensure that all policies, laws and regulations that are mandatory are followed;

- to review and evaluate systematically the agency's operations regarding their adequacy, efficiency, effectiveness and economy;

- to make recommendations on how to improve the agency's operations in areas that require improvement or require corrective measures;

- to submit independent, objective and timely reports to the head of the agency regarding the agency's operations so that the head of department can assess the agency's current position on such matters as whether plans are implemented according to schedule, objectives are met, public funds are properly utilised, and whether resources are allocated efficiently;

- when necessary, provide information to the central authority to enable it to evaluate and improve general policies on financial management, procedures, systems as well as the nature and scope of the internal audit.

The terms of reference of the IAUs in statutory bodies are as follows:

- to review the organisation periodically in order to determine whether functions such as planning, supervision, directives and control on policies, rules and regulations of management are implemented effectively and in line with set objectives and practices of sound administration;

- to determine the adequacy and effectiveness of the internal accounting system and operational control;

- to determine the accuracy and integrity of financial information and to find ways of identifying, measuring, categorising and reporting this information;

- to study the existing systems to ensure that they conform to set policies, regulations and scope of work (that could have an effect on its operations and reports) and to make suitable recommendations on policies whenever necessary;

- to determine suitable methods to safeguard assets and to verify the existence of these assets;

- to evaluate the benefits and effectiveness of utilising existing resources, identify opportunities for enhancing performance and make recommendations for overcoming related problems;

- to study the organisation's implementation of programmes so as to determine whether the outputs produced are in line with set objectives and whether the implementation was carried out as planned;

- to co-ordinate the functions of the Internal Audit division with the External Auditors;

- to plan, set up and develop computer-based management systems especially with regard to (i) security features; (ii) ability to record documents so that the system developed is able to assist the statutory body to achieve its objectives;

- to submit the annual auditing schedule to the Chief Executive and the Audit Committee for their consideration and approval;

- to submit to the Audit Committee quarterly reports that contain the following:

  – follow-up action taken on important audit findings;

  – improvements made in terms of effectiveness and smoother operations as a result of auditing work carried out;

  – co-ordination between the Internal Audit Unit and the External Auditors so as to avoid duplication of functions;

- planning the auditing work;

- obstacles encountered in carrying out auditing work;

- to report to management on the person(s) responsible for taking action on a particular audit query;

- to ensure that the statutory body takes into consideration the auditor's views before any plan is drawn up and implemented;

- to evaluate all plans and actions taken to ensure they are consistent with audit observations regarding them.

The Circular also requires statutory bodies to set up an Audit Committee with the following functions:

- to study the requirements of the Internal Audit Division including its charter;

- to evaluate the effectiveness and adequacy of the internal control systems;

- to study the auditing plan of the internal audit unit including the scope of work, schedule, membership, as well as co-ordination between the Internal and External Audit;

- to study reports submitted by the Internal and External Audit and make recommendations regarding follow-up action to the Board of Directors;

- to study and advise the Board of Directors on matters pertaining to Financial Statements, prospectus and other financial reports that are produced;

- to study and advise the Board of Directors on matters pertaining to the performance of audit activities and also on other matters as directed by the Board of Directors;

- to monitor compliance to regulations set by the Board of Directors, adherence to behavioural norms set for officers/staff and to initiate investigations on mismanagement;

- to ensure that the statutory body makes the necessary changes in carrying out its work in line with changes in accounting practices as ratified by the Malaysian Institute of Accountants and the International Accounting Standards Committee;

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•   to carry out other duties as decided by the Board of Directors from time to time.

The Government has decided that the internal audit system in all ministries/departments/agenciesbe further expanded. In line with this decision, the Public Services Department has been instructed to carry out a study for the setting up IAUs in agencies that do not have the unit, and to upgrade those that already exist.

Supporting material

(i)   Audit Act 1957 (Revised 1972), Act 62

(ii)   Statutory Bodies (Accounts and Annual Reports) Act 1980, Act 240

(iii)   Auditor General's Report 1991 (in the national language)

(iv)   Treasury Circular No. 2/1979 on Implementation of Internal Auditing in Federal Government Agencies (in the national language)

(v)   Treasury Circular No. 2/1985 on Guidelines for the Form and Standard of Financial Statements of Statutory Bodies

(vi)   Guidelines on the Role and Responsibilities of Ministries, Board of Directors and Chief Executives in the Management of Statutory Bodies (in the national language)

(vii)   The Civil Service of Malaysia – A Paradigm Shift, pp 647-650

6.2   Strengthening external audit systems

Annual financial statements of government agencies prepared by accounting officers have to be audited by the Auditor General. These audited statements together with comments from the Auditor General will then be tabled in Parliament or the State Legislative Assembly as the case may be. This represents one form of control over the management of public funds. The responsibility and role of the Auditor General are as provided for under the Federal Constitution and the Audit Act 1957. Besides delegating his powers to any public officer who is then authorised to exercise powers on his behalf, the Auditor General can also delegate his powers to a non-public officer who is competent to conduct any inquiry, examination or audit and to report to him findings of the inquiry. In this way, the Auditor General can enlist the assistance of professional bodies in carrying out audit.

Auditing is a legislative requirement to safeguard public accountability. It is a kind of check and balance system, ensuring that financial management in the public sector is carried out in a prudent, trustworthy and responsible manner. Auditing requires managers to ensure that:

- all programmes and activities that are implemented achieve their intended objectives;

- officers do not abuse powers with which they have been entrusted;

- all transactions are conducted according to the law and all prevailing rules and regulations.

The context for change

To increase public accountability, three aspects have to be taken into consideration. They are: the existence of an effective budgeting system where funds are allocated in line with government aims and aspirations; optimal utilisation of manpower, assets and services; and an efficient and up-to-date accounting system. In addition, Controlling Officers have to take effective measures to address the Auditor General's comments to ensure that misuse and wastage of funds do not occur. All expenditures have to be planned and in line with rules and regulations. The Vote Book has to be maintained well at all times and adjusted with the Accountant General's Monthly Statement in accordance with Treasury Instruction and Treasury Circular No. 8/1987. In addition, revenue collection and store and asset management have to be improved to avoid loss in revenue and government property.

Among others, the Auditor General is responsible for ascertaining the following:

- whether all reasonable precautions have been taken to safeguard the collection and custody of public monies;

- whether the issue and payment of monies have been made in accordance with proper authority and that payment has been properly chargeable and supported by sufficient vouchers or proof of payment;

- whether the use, control and write-offs of public assets have been made in the proper manner and according to specified regulations;

- whether all accounts and records are well and correctly maintained;

- whether the monies have been expended for the purposes for which they were allocated and the activities for which the money was spent have been carried out in the most efficient manner.

Despite tight financial controls, weaknesses in financial control and management still exist and these weaknesses include weaknesses in revenue collection control, expenditure control and store control. The area of financial management is becoming ever more complex and challenging with the yearly increases in government revenue and expenditure. As such, efforts have to be stepped up to strengthen the capability of the existing financial administrative machinery at all levels of government.

Implementing change

The Auditor General's Report tabled in Parliament/State Legislative Assembly is referred to the Public Accounts Committee (PAC) which acts as the representative of Parliament/State Legislative Assembly to investigate government financial transactions and to prepare reports and recommendations for the purpose of enhancing public accountability. This is the highest level of budgetary control in the government financial system. The PAC's investigations are directed at whether the money approved has been spent according to the purpose for which it is allocated and in accordance with financial rules and regulations.

To date, the Committee has taken follow-up action on several issues which include arrears in the repayment of housing loans, management of receivables and management of Trust Accounts. Some of the action taken recommended disciplinary action against officers and staff involved in the misuse and wastage of public funds and the holding of discussions with agencies involved to identify causes and solutions of problems. In addition, the Committee also analysed the

Auditor General's Reports for state governments and statutory bodies. In the case of statutory bodies, some of the issues identified included the following:

• weaknesses in the maintenance of receivables accounts and loan accounts which resulted in financial loss;

• excess funds held;

• wastage of resources;

• unsatisfactory performance.

In 1992 MAMPU and the Auditor General's Office were instructed to review the format of the Auditor General's Report to overcome the following weaknesses:

• comparative analysis is not widely used and even if used, is restricted to only two years. As a result, performance trends are less discernible;

• presentation techniques could be improved to include the use of highlights and visual representations (graphs, charts, diagrams, photographs, exhibits etc.).

The study recommended that the following points be taken into consideration in preparing the Auditor General's Report:

• comparative analysis of performance should be provided, especially with regard to financial management and productivity for a longer time period, i.e. at least five years;

• facts and figures should be presented graphically wherever possible to facilitate analysis and understanding;

• a more sophisticated presentation format to attract and sustain the interest of readers should be used. In this regard, there is a need to improve quality in terms of better presentation of the report.

Supporting material

(i)   Audit Act 1957 (Revised 1972) Act 62

(ii)   Improvements and Development in the Public Service 1990, pp 254-255

(iii) Improvements and Development in the Public Service 1991, pp 343-356

(iv) Improvements and Development in the Public Service 1992, pp 439-441

(v) The Civil Service of Malaysia – A Paradigm Shift, pp 637-638

6.3   Achieving an output orientation

Achieving an output orientation in financial management systems has been addressed by:

- assessing value for money, including the development of the Modified Budgeting System;

- activity-based costing and introducing capital charging, including the introduction of the Micro-Accounting System;

- introducing accruals accounting.

These programmes are part of the overall improvement efforts introduced by the Government to improve and strengthen financial management of the public sector. These efforts are important in order to ensure optimal utilisation of funds for the benefit of the people. Efficient and effective financial management is an onerous responsibility and constitutes a very important dimension of sound government administration. The Government has paid special attention to instilling the value of accountability in public sector managers which requires them to manage public assets and resources in an efficient, trustworthy and prudent manner. Specifically, accountability in financial management can be divided into three distinct areas, viz:

- Fiscal Accountability (the responsibility to ensure that accounts are reliable and all transactions are genuine, above suspicion and in accordance with prevailing laws and regulations);

- Managerial Accountability (the responsibility to ensure efficient utilisation of public resources, emphasising prudence to avoid wastage);

- Programme Accountability (the responsibility to ensure that each programme which has been planned and implemented achieves the objectives set in terms of costs and outputs).

The Government has also introduced a Financial Management Award to give recognition to agencies that have achieved excellence in the area of financial management.

Top management commitment is vital in ensuring the success of these improvement programmes. Employee participation and involvement are also important prerequisites. Assistance from central agencies in terms of training and consultation

is also required to facilitate the implementation of these programmes at departmental level.

A particular initiative in achieving an output orientation: The Modified Budgeting System

In 1990 the Government introduced the Modified Budgeting System (MBS), a modification of the Programme and Performance Budgeting System (PPBS) which was implemented in Malaysia in 1969. The objective of the MBS is to improve the budgetary process, especially with regard to accountability, allocation of resources/funds and implementation of programmes/activities by government agencies. MBS stresses the relationship between inputs, outputs and the impacts of a particular programme or activity. Under this system, government agencies are required to determine their achievement targets in terms of outputs and impacts of every programme or activity for which there are 'programme agreements' between the agency and the Federal Treasury.

To enable agencies to manage their resources more effectively, MBS allows them certain flexibility in financial management under the "generalised approach to financial control". Under this approach, the Controlling Officer is given greater powers over the use of resources in the agency. For example, the Controlling Officer is given powers to carry out virements between activities under a particular programme without requiring prior approval from the Federal Treasury.

In providing for performance measurement of programmes/activities, the Modified Budgeting Sytem is in line with the 'value for money' concept which strives to achieve three objectives, i.e. economy, efficiency and effectiveness. Through performance measurement, an agency will be able to assess the performance of its programmes and the extent to which such programmes contribute to the achievement of objectives. Two of the performance indicators used under the present budgetary system are efficiency and effectiveness. The budget also emphasised the economy aspect of the 'value for money' concept. Agencies are compelled to comply with rules and regulations pertaining to procurement to ensure that goods and services acquired are low in cost and of good quality.

The MBS was introduced to overcome the weaknesses of the PPBS, among which were:

*   in the preparation, examination and implementation of the budget, focus was still at the 'line-item' level;

*   there was no emphasis on performance indicators;

- the approach used in budget preparation was 'bottom-up';

- the budget was used as a funds disbursement tool rather than a management tool;

- the delegation of powers in financial decision-making was limited;

- there was a dichotomy between decision-making on financial matters and decisions on policy and implementation of programme/activity.

The implementation of the MBS involves:

- establishing the MBS Implementation Committee;

- strengthening the programme/activity structure;

- establishing performance indicators;

- establishing a management information system;

- establishing a good reporting system;

- establishing a programme evaluation system;

- upgrading the maintenance of the vote book;

- strengthening the cost centre and responsibility centre structure;

- strengthening strategic planning process;

- establishing internal audit system.

It can be seen that MBS is not merely a budgeting system but an integrated and comprehensive management system which involves strategic management, performance measurement, expenditure control, monitoring and evaluation of programmes. It is also closely linked to the New Remuneration System introduced by the Government where individual achievement targets are determined based on the performance of the activity in the programme agreement. MBS necessitates greater involvement of top management in the budgetary process. To ensure success of the implementation of MBS, the Federal Treasury and INTAN have organised intensive training courses for agencies. In addition, the programme and activity structure of each ministry/department is also being reviewed. The implementation of MBS in phases, the first phase being the pilot project stage where MBS was implemented in three agencies (Ministry of Health, Ministry of

Public Works and Ministry of National Unity and Social Development), makes the project manageable and gives the Government time to overcome any shortcomings that may arise.

The MBS has the following characteristics:

•   implementation of the concept of expenditure targets;

•   preparation of programme agreements and exception reports;

•   implementation of cycle of programme evaluation;

•   more liberal approach towards expenditure control.

The implementation of MBS in ministries/departments is to be carried out in phases as follows:

Phase I (Budget Year 1991)   – 3 ministries

Phase II (Budget Year 1992) – 7 ministries/departments

Phase III (Budget Year 1993) – 7 ministries/departments

Phase IV (Budget Year 1994) – 17 ministries/departments

Phase V (Budget Year 1995) – 17 ministries/departments

A particular initiative in achieving an output orientation: introducing Activity-Based Costing and introducing Capital Charging

The Government issued Development Administration Circular No. 3/1992 which contains guidelines for the implementation of the Micro-Accounting System (SPM) in government agencies. The SPM is a system devised to determine the cost of outputs of an agency and it is a part of management accounting at departmental level. This system provides cost information on the main outputs produced by government agencies. The cost information obtained from SPM enables managers to make the following analysis:

•   compare planned output cost and actual costs;

•   determine the cost trends for producing similar outputs;

•   determine the price to be set for a particular good or service.

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Cost analysis assists managers in terms of planning and optimal utilisation of resources in their respective agencies.

SPM was introduced to heighten cost-consciousness among public sector managers. It is another step towards strengthening management accounting at departmental level. The implementation of SPM further improves the strategic planning process and engenders the optimal utilisation of resources. In general, it further enhances accountability in the Public Service.

The implementation of SPM as an output costing system necessitates certain changes to the costing process. These are:

• identification of output;

• coding system for output;

• identification of activities involved in the production of output;

• identification of inputs;

• coding of inputs;

• record-keeping system for inputs;

• new forms;

• streamlining the functions of responsibility centres/cost centres.

The Development Administration Circular mentioned above outlined in detail the SPM Implementation Model. In brief, the total cost of an output can be obtained by:

• identifying all resources used;

• capturing all cost components (direct and indirect costs);

• consolidating cost components.

When capturing direct costs other than labour and material costs, agencies have been asked to take into account capital assets utilisation cost. Such costs should be measured based on the time utilised to produce a specific output. It should be determined by taking into consideration depreciation, maintenance and the cost of operations. Annual depreciation can be determined by various methods such as the

straight-line method, decreasing balance, units of output, provision for maintenance, annuity and others.

A government agency can implement the process of costing outputs on an incremental basis. It should set up a SPM Steering Committee, appoint a chief facilitator and set up a SPM working group to implement the new system. The process should not stop once the cost of the outputs are assessed. SPM should also be used as a tool to control cost by comparing the actual cost with the planned cost. In this regard, agencies are required to carry out analysis of output cost.

The Modified Budgeting System (MBS) which was introduced by the Government in the 1990 budget year requires planning and control of inputs, outputs and impact of all activities. It requires measurement and evaluation of government programmes as a means of enhancing quality and productivity in government agencies. One of the requirements of MBS is to identify the cost of producing outputs under each project, programme, activity or sub-activity. SPM provides this cost information.

SPM will be implemented in stages. Four agencies were initially chosen to implement this system: the Accountant General's Department; the Ministry of Health; the Ministry of Public Works; and the Ministry of Information. The Steering Committee on the Micro-Accounting System, set up to monitor the implementation of SPM in government agencies, is to set implementation targets by drawing up a master plan and monitor SPM implementation in agencies. All heads of departments are then required to submit the SPM implementation schedule of their respective agencies to the the Steering Committee.

A particular initiative in achieving an output orientation: introducing Accruals Accounting

All government ministries/departments adopt the cash basis of accounting. When the cash basis of accounting is used, revenues are reported as earned in the period in which cash is received, and expenses are reported in the period in which cash is paid. The recognition of revenue and expense would thus depend on the timing of various cash receipts and disbursements. The major deficiency of this method of accounting is that it ignores the impact on net income and financial position of the liability for accounts payable and the impact of such very real assets as accounts receivable, inventory and prepaid rent. However, ministries/departments have been asked to use the accrual method in the treatment of assets where depreciation of the asset has to be taken into account in the annual financial statements.

Local authorities, statutory bodies and public companies are, however, required to adopt the accrual basis of accounting where they report revenues as they are earned and expenses as they are incurred, not when cash changes hands. In accrual

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accounting, the impact of events on assets and equities is recognised in the time periods when services are rendered or used, regardless of when the related cash is paid or received.

Supporting material

(i)   Treasury Circular Letter No. 1, 1994 on Guidelines for the Preparation of the 1995 Annual Expenditure Estimates (in the national language)

(ii)   Development Administration Circular No. 3, 1992, on Manual on Micro-Accounting System (SPM)

6.4   Improving property management

Public properties are those properties which are owned by bodies that are answerable either directly or indirectly to the public and tax payer. They include properties owned by central and state governments, local authorities, public agencies or corporations. Public properties in Malaysia are managed by the Management of Government Buildings Division of the Prime Minister's Department. The Division is responsible for the development of the federal common user buildings, federal chalets and official residences, and the management of land and buildings belonging to the Federal Government which are placed under its supervision and control. It is also responsible for accommodating Federal Government departments in suitable and comfortable buildings whether common user buildings or rented premises. It also manages the usage and maintenance of the official guest house as well as chalets throughout the country. In addition, it is also responsible for the allocation of government quarters to eligible government employees.

Under the Sixth Malaysia Plan, a total of RM142,615,000.00 was allocated for the development of 22 federal common user buildings. The Division has managed the rental of 482,967.31 square metres of office space costing RM10,784,810.10 per month. The Division is the Secretariat for the Supervision of Government Property Committee.   All applications from federal departments for the purchase or construction of either office space or staff quarters are processed by the secretariat for consideration and approval by the committee. The said office space or staff quarters can be purchased from private developers either by way of direct purchase or by open tender. In 1992, 14 purchases totalling RM97 million were approved by the committee.

There are 2,534 government quarters and a total of RM2,603,421.21 was spent on 1,452 kinds of minor maintenance jobs. A separate allocation of RM1.8 million was given for the upgrading of 57 units of government quarters in 1992.

The context for change

Public property management policy consists of the following:

•   construction or acquisition of suitable properties at minimum costs;

•   optimum use of office space without waste;

•   maintenance of properties;

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- demolition of dilapidated properties and transfer of usable but surplus properties to other users.

Government buildings built in the 1970s, which witnessed a rapid expansion of government building programmes, began to need maintenance and refurbishment by the late 1980s. However, it was noted that there was poor maintenance of government buildings. The problem of poor maintenance can be attributed to several factors. These are:

- financial allocation problems;

- insufficient allocation;

- no central control over allocation; the practice of each government department applying for funds for building maintenance, which is then transferred to the Public Works Department (PWD) as the latter carries out maintenance work for the departments concerned, has given rise to the following problems:

    - delay in transfer of funds to the Public Works Department;

    - allocations used for purposes other than maintenance;

    - depletion of allocations before year-end;

    - maintenance problems;

    - lack of priority for maintenance leading to:

        – ad hoc (unplanned) maintenance;

        – lack of skilled staff capable of doing maintenance work;

        – information on buildings not up-to-date;

        – over-dependence on the Public Works Department.

Implementing change

There seems to be a need for a special central body which has the technical expertise to plan, co-ordinate and implement all government building maintenance.

Since 1978, each government department submits its application for funds to undertake maintenance. The allocation is then issued to the PWD when the latter

undertakes the work. PWD is involved directly in the maintenance work of government buildings. Other agencies however are also involved in maintenance. For example, the PWD is responsible for the maintenance of all federal common user buildings while the Management of Government Buildings Division is responsible for the maintenance of federal government quarters in the federal territories as well as guest houses and chalets.

In the case of the Ministry of Defence, maintenance is carried out by the PWD and its own Armed Forces Camps Maintenance Unit. Most of the large departments have their own maintenance units while maintenance of schools is carried out by the PWD with the financial allocation provided by the Ministry of Education. In general one can say that government departments are still very dependent on PWD to implement major maintenance.

The Ministry of Finance has permitted heads of departments to manage maintenance work and undertake minor repairs. This is to expedite maintenance and repair work as well as alleviating the burden on the PWD. Funds for maintenance can be drawn from the operating budget or the developmental budget. The kind of maintenance work that can be carried out under the operating budget includes the following:

• contract to clean buildings;

• contract to maintain and repair air conditioners, engines and electrical fittings;

• maintain and repair water pumps, toilets, fire extinguishers, water tanks, parts of buildings, roads, car parks, piping;

• maintain cleanliness of surroundings of buildings, i.e. grass cutting etc;

• other maintenance works.

The developmental budget can be expended for works like renovations and repair of buildings, replacements of air conditioners and lifts etc.

The PWD undertakes most of the maintenance work of government buildings. The Contract and Supply Management Division in the Ministry of Finance administers an insurance fund for government properties. The Valuation and Property Services Department under the Ministry of Finance provides professional expertise to the federal and state governments, local authorities and statutory bodies on all aspects related to the value and management of real property. In fact Section 4 of the Valuers Appraisers and Estate Agents Act 1981 sets out the role of the department as property managers and estate agents. Where government development projects necessitate the compulsory purchase of alienated (privately owned) lands, the Valuation and Property Services Department may be required to ascertain the fair

and reasonable compensation payable. The various functions of the Department include:

- valuation of all lands and buildings, including furniture, fixtures, trade stocks, plant or machinery and other effects;

- valuation of lands and buildings required for feasibility studies, court proceedings, arbitration or other purposes;

- acting as an estate agent, including negotiating for sales, purchases rental and lettings by agreement, auction or tender;

- property management, project management and the making or checking of inventories of furniture, fixtures, trade stocks, plant or machinery and other effects;

- publication of an annual property market report;

- publication of property transactions to registered valuers, appraisers and estate agents.

The Department is also represented in some of the committees set up by the Management of Government Buildings Division. Though the Department offers property management services to government departments, at present the expertise is utilised in the management of the National Institute of Valuation (INSPEN), the training and research arm of the Department. Regular projects conducted by INSPEN include costing of government buildings.

The government building programme has been in existence since 1974 with the setting up of the Management of Government Buildings Division. The Government is aware that a lot needs to be done in the area of building maintenance.

Supporting material

(i)   Valuers, Appraisers and Estate Agents Act 1981, Act 242

(ii)   Property Market Report 1993 by the Valuation and Property Services Department, Ministry of Finance (retailed at RM80.00 per copy)

(iii)   Annual Report of the Valuation and Property Services Department 1992

(iv)   Estate Land Sales, Vol. 4 by the Valuation and Property Services Department (retailed at RM35.00 per copy)

6.5   Improving procurement procedures

Before 1965, government procurement was based on the British system which depended heavily on the Crown Agents. After 1965, the Government started to manage its own procurement, though still based on the British system. The Ministry of Finance is the central authority responsible for the procurement of public stores, services and works. "Public stores" include plants, equipment, furniture, apparatus, materials and supplies purchased from government funds for use or to be held in stock. The Ministry channels its authority of control, supervision and co-ordination of government procurement through one of its divisions, i.e. the Contract and Supply Management Division. Treasury Instructions and Treasury Circular Letters governing procurement procedures are issued under the Financial Procedures Act 1957 (Revised 1972).

Government procurement is implemented in four ways, namely:

- *Competitive bidding*

    In principle, all government tenders are implemented in this manner. This is to ensure healthy competition where all suppliers who qualify are given equal opportunity to participate in the tender. It also ensures that government gets the best offer in terms of the right quality, right quantity, right time, from the right supplier and at the right price.

- *Limited tender*

    This method is usually applicable to projects where the expertise required is not widely available or where, due to time constraints, quick decisions are imperative.

- *Pre-qualification*

    Sometimes in order to save time and shorten the tendering process, the Government uses certain criteria to screen potential suppliers such as their financial and technical capability and experience. Only qualified suppliers are invited to purchase tender documents.

- *Direct negotiation*

    This method is implemented when the purchase concerned has to be effected in the shortest time possible, or where the projects are of such a

nature that publicity is not desirable, or when there is only one or two sources of supply for that particular purchase.

The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) under the Prime Minister's Department has carried out a study in 1992 on the processing and management of tender documents by government agencies. Following the study, Guidelines on the Management and Processing of Tender Documents were prepared. In this guideline, 12 documents were classified as important and were required to be kept in their original form in a safe place. These documents are as follows:

- Advertisements
- Table Tender Documents
- Tender Schedule
- Tender Documents submitted by participating tenderers
- Evaluation Reports
- Recommendations to the Tender Board
- Certificate of Decision of the Tender Board
- Minutes of Meetings of the Tender Board
- Acceptance Letter
- Contract Document
- Approval Letter from Treasury for Closed Tender/Direct Negotiations
- Certificate of Decision of Federal Tender Board

These guidelines are to be made part of the Treasury Instructions to ensure uniformity in the use of rules and procedures regarding the processing and management of tender documents among government agencies. In addition, the Government also issued Treasury Circular No. 2/1991 entitled the Use of New Forms in the Management of Capital Assets, Inventories and Office Supplies aimed at improving the management of capital assets, inventories and office supplies through the use of new assets management records. Changes made include:

- the introduction of a new system of categorisation and definition of government assets;

- the introduction of new formats for assets records to replace old formats found to be unsuitable.

Government assets are classified into three categories, namely capital assets, inventory and office supplies. In line with the classification, the following records were introduced:

- Fixed Assets Register;

- Inventory Register;

- Office Supplies Register;

- Movement of Fixed Assets/Inventory Register.

The context for change

The above-mentioned study was carried out as tender documents constitute an important part of public records and act as a monitoring and control mechanism in the tender process. As a monitoring mechanism, these documents show whether decisions made were in accordance with the set rules and procedures. Tender documents also provide information on how the tender process was carried out. To enable tender documents to be used as a control tool and source of information, they must always be up-to-date, clear, kept safely and easy to retrieve. If these documents are not maintained well as required by regulations, government officers will have difficulty in providing information to those who have a right to the information. Under such circumstances, the principle of accountability would be compromised and the image of the Public Service jeopardised.

Treasury Circular No. 2/1991 was issued as a guide to overcome weaknesses in the management of assets in government departments. These weaknesses arose from ambiguous terminology of assets and the use of incomplete or non-uniform formats of assets records. This has resulted in government assets being poorly maintained, not utilised, written-off and in some cases, not traceable.

Implementing change

The essential prerequisites for improvement efforts of procurement procedures are the following:

a. *Costs*

Government agencies must realise that one of the main objectives of procurement is to ensure cost-effectiveness of each purchase so that the Government gets the best value for money spent. They must also ensure that purchases are of quality standards, are in the quantities required and that there is no disruption to the supply arrangement.

b.   *Skills*

Government employees involved in procurement have to be well trained and have in-depth knowledge of the regulations on tender.

Contractors registered with the Government should be well informed of the conditions of tender and the provisions under the regulations.

c.   *Key stakeholders*

Agencies must realise that procurement plays an important role in national development as each development project will involve purchases using government funds. Government procurement can also be used as a tool to achieve government policies as well as to stimulate the growth of local industries.

The Head of Federal Departments Meeting decided that MAMPU should carry out a study on the problems of maintenance and storage of tender documents by government agencies which were raised by the Anti- Corruption Agency. This study was carried out in four ministries viz. the Ministry of Education, Ministry of Health, Ministry of Agriculture and Ministry of Public Works. The study focused on the retrieval of files and tender documents which were managed and kept by government offices in the Federal Territory of Kuala Lumpur and Selangor. A total of 189 tenders were chosen for analysis from a total of 1,369 tenders handled during the three years from 1989 to 1991. As a result of the study, guidelines were prepared by a Technical Committee chaired by MAMPU with members from the Federal Treasury, Audit Department, Anti-Corruption Agency and the National Archives.

With its concern for better financial management and accountability in the Public Service, the Government is constantly assessing the assets and stores management system to ensure the following:

•   adherence to current policies and procedures in the acquisition of fixed assets, inventories and office supplies;

•   efficient management of fixed assets, inventories and office supplies;

•   maintenance of financial records that are proper, up-to-date and that enable easy retrieval of information;

•   efficient and economic maintenance of assets and stores, especially regarding:

        –   optimal usage;

-   inventory control;
-   proper storage;
-   systematic and up-to-date records;
-   maintenance of stores according to procedures;
-   stock control;

•   verification of agency's stocks:

-   documentation;
-   schedule;

•   records of action taken pertaining to write-offs.

The Government is also undertaking measures to improve and update its procurement system. Such measures include review of the relevant Treasury Instructions and Treasury Circular Letters, review of the tender system, issue of procurement manuals, organising dialogues, talks and training for government agencies, and greater enforcement. The purpose of the review on the Treasury Instructions and Circular Letters is to reduce its number so that they are clearer and lend themselves to easier reference and implementation. The review of the tender system is aimed at overcoming the problem of tenders being cancelled or re-tendered. Uniform guidelines on procurement to be adopted by statutory bodies and public companies are also being prepared.

Supporting material

(i)   Financial Procedures Act 1957 (Revised 1972) Act 61

(ii)   Treasury Instructions

(iii)   Treasury Circular Letters (in the national language)

(iv)   The Civil Service of Malaysia – A Paradigm Shift, pp 640-642

(v)   Study on the Processing and Management of Tender Documents by MAMPU (available only in the national language)

6.6   Comparative evaluation of service providers

As the Government continues to focus on the institutionalisation of a performance and results-oriented Public Service, agencies are required to establish a systematic and comprehensive performance measurement system. Performance measurement involves the systematic gathering, analysis and reporting of information on the performance of programmes and activities to management or to relevant authorities who have the right to the information. Information obtained from such a system enables the Government to evaluate the following:

*   the extent to which a particular programme or activity has achieved its set objectives (effectiveness);

*   the extent to which resources have been used optimally in the implementation of a particular programme or activity (efficiency).

For this purpose, performance indicators that are relevant, suitable and verifiable are to be established by all government agencies. Towards this end, the Government has introduced Guidelines For Establishing Performance Indicators in government agencies which provide a methodology for establishing and using performance indicators in government agencies.

The context for change

In line with set policies, every agency has its own objectives and functions which are carried out through the implementation of specific programmes and activities. To enable agencies to implement their programmes and activities, the Government allocates certain resources which are to be utilised according to prevailing laws and regulations to ensure fiscal, managerial and programme accountability. One of the tenets of accountability is that public funds must be expended prudently in the attainment of the intended benefits to the public and the nation. This requires agencies to measure the performance of their programmes and activities. An important aspect of performance measurement is the establishment of performance indicators for each programme and activity.

Implementing change

It should be noted that there are several factors that can affect the performance of an agency. Among these are the use of technology and the quality of outputs produced. It is important that these factors are reported together with the

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performance indicators so that management and other authorities can make a more objective evaluation of the agency's performance.

It is important that such reports are prepared in a manner that is easily understood and visually appealing to the reader. The use of graphics is very suitable for preparing an agency's performance reports as it facilitates analysis and understanding and also enhances the attractiveness of the reports.

The process of establishing performance indicators generates voluminous data for the agency. However, this data is only of value if it serves:

• as a source of data for planning and making policy decisions;

• as a basis for allocating resources to programmes and activities;

• to facilitate identification of shortcomings/weaknesses in the management of programmes and activities and also the identification of opportunities for performance improvement;

• as a basis for motivating management and staff to achieve excellence in terms of performance;

• to promote better communication between the governmental leadership and the agency's management;

• to improve the accountability of public sector managers.

The manner and the extent to which performance indicators are used to improve the management systems in an agency depend on two factors:

• support of management for establishing and using performance indicators;

• understanding of officers and staff involved in developing and using performance indicators.

Establishment of performance indicators

An agency can use a performance indicator to measure the performance of a programme or activity. Performance indicators also assist management in planning and implementing corrective measures as well as in improving the decision-making process of the agency. Performance indicators usually evaluate a programme or activity based on criteria such as quantity, quality, timeliness and cost. The characteristics of a good performance indicator are that it is:

- relevant in determining the performance of the programme or activity being evaluated;

- quantitative where possible to enable measurement and analysis;

- cost-effective with regard to its formulation and usage;

- based on verifiable data.

In addition, the number of indicators for each programme or activity should be appropriate to enable analysis and facilitate understanding. Performance indicators are of two types, namely efficiency indicators and effectiveness indicators.

Efficiency Indicators

- cost efficiency (average cost of producing an unit of output);

- workforce efficiency (link between workforce usage and the total number of outputs produced);

- time efficiency (link between goods or services produced by an agency and the time taken to produce them).

Effectiveness Indicators

- Direct Effectiveness Indicators. These indicators provide direct information regarding the achievement of objectives of a particular programme or activity. Usually these indicators are expressed in quantitative terms and are able to show the performance of a programme or activity in an explicit and precise manner. However, under certain circumstances, qualitative indicators could be used to show the performance of a programme or activity. Examples: rate of increase in revenue collection; percentage increase in the passing rate of students according to subjects; decrease in the number of cases of food and water-borne diseases; percentage of foreign workers registered etc.

- Indirect Effectiveness Indicators. Under certain circumstances, it is difficult to identify direct effectiveness indicators. In such cases, indirect effectiveness indicators should be used. An indirect effectiveness indicator is a substitute or 'proxy' indicator that is used to gauge the performance of a programme or activity. Proxy indicators do not provide an explicit reflection of performance and should therefore be used only when direct effectiveness indicators are not available. Examples: number of complaints received for every 10,000 customers (to gauge customer

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satisfaction); number of persons who read newspapers for every 10,000 inhabitants (to determine rate of literacy); ratio of teachers to students (to assess quality of teaching in schools); decrease in air/water pollution (to assess the effectiveness of enforcement of laws and regulations).

Data Collection

Agencies are to set up a data collection system for establishing performance indicators. The sources of data will depend on the type of indicators being established but will generally include:

- departmental records;
- records of other departments;
- survey method;
- observation.

Reporting

Information derived from performance indicators should be reported in a manner that facilitates analysis and decision-making by management and other relevant authorities. The reports prepared should enable the relevant authorities to analyse, by way of comparison, an agency's programmes and activities. The different methods of presenting data include the following:

- indicating the trend for a given time period;

- providing a comparison of the characteristics or features that are evaluated before and after the implementation of a particular programme or activity;

- comparing the performance achieved with that of other agencies or private organisations producing a similar type of output;

- comparing the programme/activity performance with that of a similar type of programme/activity in other countries;

- comparing the performance of a programme or activity with the norms set by professional associations, international institutions etc;

- comparing the impact of the programme or activity in the area where it is implemented with areas where the programme or activity was not implemented;

- comparing the performance achieved with the targets set at the outset of implementation of the programme or activity.

Supporting material

Guidelines for Establishing Performance Indicators in Government Agencies, 1993

6.7 End year flexibility

Budgeting in the public sector is an annual issue. There are two types of budget prepared annually, the operating budget and the development budget, also known as the capital budget. The budget is represented in the document known as the Estimates of Federal Expenditure prepared by the Ministry of Finance.

The operating budget consists of two elements. The first is the Charged Expenditure authorised by the Federal Constitution and does not require annual appropriations by Parliament. The second is the Supply Expenditure which requires annual appropriations voted by Parliament in a bill known as the Supply Bill.

The development budget on the other hand is for development purposes and is made possible by charging on the Federal Consolidated Fund through the creation of a trust fund known as the Development Fund, created under the Development Funds Act 1966. Budgeting for development projects follows a different process from that of the operating budget. The operating budget is controlled by the Ministry of Finance through the Budget Division while the approval for development projects lies with the Economic Planning Unit of the Prime Minister's Department. The development projects are linked directly to the long-term planning for the country and are covered under the Five Year Plans.

As explained in the Treasury Instructions (Chapter A, section 6), the Legislature exercises control over the expenditure of the Government through the constitutional provisions. Article 97 of the Federal Constitution and Section 13 of the Financial Procedures Act 1957 says that all revenue from whatever source shall be paid into a Consolidated Fund from which no payments can be issued except when appropriations up to fixed amounts for specific purposes have been authorised by law. Section 13(6) of the Financial Procedures Act also says that any money appropriated for a particular purpose should be surrendered to the Consolidated Fund if not spent for that purpose during the period for which it was granted.

It is therefore clear that in general, government agencies are not allowed to carry forward into the next financial year monies that are not spent in a particular year. However as regards the development expenditure budget, the flexibility lies in the machinery available for reviews pertaining to the management of development projects under the Five Year Plans. In this regard, the Economic Planning Unit being the Secretariat for the National Development Planning Committee which is responsible for approving socio-economic development plans, not only examines plan or programme proposals submitted by ministries/departments jointly with other central agencies like the Treasury, the Public Service Department and the Implementation Co-ordination Unit of the Prime Minister's Department, but also reviews at half-yearly or more frequent intervals annual plans and budgets.

Requests for funds are submitted in certain specified formats together with the relevant information. The requests for funds include amounts to be approved for the budget year or requests for additional allocations.

The context for change

The present financial regulations pertaining to the authorisation and control of expenditure is aimed at preventing misuse of funds and wastage in the Government. As the Auditor General pointed out in his reports, there was a high incidence of government departments unable to spend funds allocated to them. He highlighted the common weaknesses in financial management in government departments as the preparation of budget estimates that exceed actual requirements and additional allocations requested but not expended.

In fact as stated in Treasury Circular Letter No. 1/1994 on Guidelines for the Preparation of the 1995 Annual Expenditure Estimates, the goal of the 1995 national fiscal policy is to sustain strong economic growth and stabilise prices. Towards this end, the Government perseveres in its quest for a balanced budget. There is thus a need to check government expenditure closely and to ensure sound fiscal management. Pertaining to the preparation of the operating budget estimates, the Controlling Officers are reminded to request only those operating expenditure that are absolutely necessary. In this respect, they are to determine the suitability of each programme and activity in line with the objectives of the agency, the agency's capability to implement the programme/activity, as well as the total expenditure to be incurred vis-a-vis benefits which would accrue to the target group. They are also reminded to determine reasonable maintenance costs of capital/inventory and to take into account the holding and use of capital assets and inventory when budgeting for their acquisition. The Circular also reminded Controlling Officers that requests for additional allocations would not be entertained except under extraordinary circumstances.

With regard to the preparation of the development budget estimates, it was stated in the Circular that the Government views seriously shortfalls in the expenditure allocated. Controlling Officers are reminded to plan well and comply with all criteria outlined to avoid allocation not expended or shortfalls in spending. In addition, financial requirements submitted should be in accordance with cash flow needs based on the rate of implementation of the project and accurate forecast.

Implementing change

It is important that Controlling Officers of agencies play their rightful role in the financial management of the agency. This is in view of the fact that they are given

wide powers, such as being responsible for controlling the expenditure authorised and also as being the chief accounting officer in respect of all public monies collected, received or disbursed and all public stores received, held or disposed of. In discharging their duties, Controlling Officers can exercise both budgetary control and financial control. Budgetary control can be effected through control of the vote book or other feedback systems like the Modified Budgeting System currently in practice, while financial control is provided for by the financial rules and regulations currently enforced.

Proper planning and implementation has to be given due attention in ensuring prudent financial management. Another prerequisite is more effective cost administration and control. Finally, there has to be full compliance with financial rules and regulations by those who have been entrusted with the responsibility of looking after public funds.

All government departments have been directed to give serious attention to the observations and queries of the Auditor General. They are to ensure that financial management is conducted in an economical, prudent and trustworthy manner. In addition, they are required to take positive steps to reduce administrative costs so that the present increasing trend in government expenditure can be checked. Steps taken in this regard are important for improving the effective management of revenue and expenditure, as well as the economy as a whole.

The Expenditure Control Unit was set up in 1990 in the Treasury to check and prevent misuse and wastage of funds in the Government. The responsibilities of this Unit, among others, are to:

- ensure that government departments follow all the systems and procedures prescribed by the Government;

- ensure that all agencies give due attention to the Auditor General's Annual Report;

- analyse the expenditure pattern of government agencies with the view to prevent the misuse and wastage of public funds;

- assist and ensure that all government departments undertake stringent measures to collect revenue, taxes and other forms of payment due to the Government;

- act as the secretariat to the Public Accounts Committee and to analyse all shortcomings raised in the Auditor General's Reports, as well as to take the necessary steps to ensure that these shortcomings are not repeated;

- prepare Cabinet Papers on the status of public expenditure control for information and further directions of the Cabinet.

New systems have been introduced to enhance the effectiveness of financial management in government departments. These include such systems as the Modified Budgeting System; Integrated Information System of the Central Agencies (SETIA System); Integrated Scheduling System (SIAP System); and a centralised accounting system. Other related financial regulations and systems are the Statutory Bodies (Accounts and Annual Reports) Act 1980; Treasury Circular No. 2/1985 on Guidelines for the Form and Standard of Financial Statements of Statutory Bodies; and Treasury Circular No. 8/1987 on Guidelines for the Maintenance and Reconciliation of Vote Book.

In addition, special courses were held by the National Institute of Public Administration for senior officers involved in financial management of ministries/departments. The purpose of these courses was to provide the officers the necessary exposure to financial management and practices and accountability in the public sector.

Supporting material

(i)   Financial Procedures Act 1957 (Revised 1972), Act 61

(ii)   Treasury Instructions

(iii)   Development Funds Act 1966 (Revised 1989), Act 405

(iv)   Improvements and Development in the Public Service 1991,
        pp 354-357

(v)   Treasury Circular No. 8/1987 on Guidelines for the Maintenance and Reconciliation of Vote Book (in the national language)

(vi)   Development Administration Circular No. 5/1991 on Guidelines on the Integrated Scheduling System

(vii)   Development Administration Circular No. 2/1992 on Guidelines for Development Project Planning and Preparation

(viii) Treasury Circular Letter No. 1/1994 on Guidelines for the Preparation of the 1995 Annual Expenditure Estimates (in the national language)

SECTION   7   IMPROVING POLICY-MAKING

7.1   Enhancing policy analysis

7.2   Enhancing policy co-ordination

7.3   Improving policy presentation

7.1 Enhancing policy analysis

This entry focuses on policy analysis contributing to the National Development Policy.

At the national level, policy analysis and evaluation is done by the Economic Planning Unit of the Prime Minister's Department. The Macro and Evaluation Division of this Unit evaluates the impact of government policies on the quality of life and on the economy.

The Implementation and Co-ordination Unit of the Prime Minister's Department monitors the implementation of programme components. This Unit is the secretariat to the National Development Council (NDC) whose functions are:

• to ensure that the implementation of government policies and strategies are in line with the objectives of the National Development Policy and the Sixth Malaysia Plan;

• to monitor and evaluate the implementation strategies of programmes and projects under the National Development Policy and the Sixth Malaysia Plan. The NDC is assisted by the National Development Working Committee.

To do an effective programme and project analysis and evaluation, information is vital to check progress. The Unit has established a computerised and integrated information system to capture and monitor all programmes and projects in terms of its physical (SIAP information system) and financial (SETIA information system) progress. The SIAP information system is outlined in the Development Administration Circular No. 5, 1991 on Guidelines On The Integrated Scheduling System. This Unit is the central repository of this information. The feeders to this information system are the various implementing government departments. This information system is updated every three months.

The Government has introduced the following guidelines to assist implementing agencies to improve the planning of development projects:

Development Administration Circular No.2, 1992 on Guidelines on the Planning and Preparation of Development Projects: this guideline introduces a systematic method of project identification, preparation, implementation and evaluation to provide feedback to policy-makers;

- Compendium of Development Circulars: a compilation of relevant circulars relating to procedures and systems on planning and implementation of projects are compiled, updated and indexed for easy reference by implementing agencies;

- Guidelines on the Implementation of Directive No. 1, Machinery For the Implementation Co-ordination of the National Development Policy: these guidelines explain the functions of the administrative machinery established at the federal, state and district levels in co-ordinating and evaluating programme components and projects.

The Guidelines on the Implementation of Directive No. 1 of 1991 Machinery for Implementation Co-ordination of the National Development Policy outline the cascading mechanism for co-ordinating and evaluating the implementation of the National Development Policy as follows:

a. National Development Council (national level);

b. The National Development Working Committee – assists the National Development Council;

c. The Ministry Development Committee – is formed at ministry level to monitor and evaluate its projects;

d. The State Development Council undertakes the same function as the Ministry Development Committee, but at state level. This Council is assisted by the State Development Working Committee;

e. District Development Committee – formed at district level.

An integrated information system monitoring the financial and physical aspect of project implementation is established to support the decision-making process.

Supporting material

(i) The Civil Service of Malaysia – A Paradigm Shift Chapter 10 (pp 655 - 656) and Chapter 15

(ii) Improvement and Development in the Public Service 1992, Chapter 10

(iii) Guidelines on the Implementation of Directive No. 1, 1991, Mechanism For Co-ordinating The Implementation of the National Development Policy (in the national language)

(iv)   Development Administration Circular No.5, 1991, Integrated Scheduling System

(v)   Development Administration Circular No.2, 1992, Guidelines on the Planning and Preparation of Development Projects

(vi)   Functions of the Economic Planning Unit of the Prime Minister's Department

(vii)   Functions of the Implementation and Co-ordination Unit of the Prime Minister's Department

7.2   Enhancing policy co-ordination

The Cabinet Division of the Prime Minister's Department functions as a secretariat to the Cabinet which considers and endorses government policies. In practice, any new policy is initiated by the respective minister. A Cabinet paper containing the rationale and need for a policy will be prepared by the ministry. This paper is then circulated to the various concerned ministries and departments for comments. These written comments are incorporated into the Cabinet paper prepared by the ministry and sent to the Cabinet Division. The Cabinet Division will prepare appropriate copies for circulation at the Cabinet meeting for deliberation. Once it is endorsed, it will become a new policy.

From time to time, the Cabinet may set up Cabinet Committees to be headed by the Prime Minister, Deputy Prime Minister or the Minister concerned. These Cabinet Committees deal with various matters such as investment, land, public employees' salaries and service conditions. The secretariat to these Committees is the ministry responsible for the portfolio for which the Cabinet Committee is set up.

This procedure is to ensure that all possible departmental views are considered before a policy is endorsed.

7.3 Improving policy presentation

Policy presentation and exchange of information between the Government and the public falls into two categories:

- inter-personal communication: Information Officers from the Department of Information go out in the field to explain various government policies and programmes. The communication media used are exhibitions, film shows, lectures, household visits, dialogue sessions etc.;

- mass communication: mass communication is done through radio, television and the press. The Public Relations Officers in ministries and departments ensure that all official information and the activities of the ministries are adequately covered by the mass media.

While the use of mass media has been effective in giving publicity, announcing new policies, creating awareness and providing information, inter-personal communication has been effective not only in finding out what the people think (public opinion) and desire but also in getting them to accept new ideas and methods and to participate in development projects that are being carried out for their benefit.

Policies and official information must be well presented to the public to ensure better public understanding and receptivity and because the citizen has a right to public information.

As the Ministry of Information is generally responsible for policy presentation, Public Relations Officers from the Department of Information under the ministry are stationed in various ministries and departments to ensure that official news and information are released through:

- press releases;
- press conferences;
- ministerial interviews;
- senior officers' interviews;
- special launchings.

Public Relations Officers must be well trained to handle press materials. A close rapport has to be established with the press.

Supporting material

(i)   Booklet on the Department of Information (in the national language)

(ii)   Discussion with officials of the Department of Information

Contact addresses

The documents referred to in this publication under Supporting Material may be obtained from:

General Manager
National Printers Berhad
Jalan Chan Sow Lin
50554 KUALA LUMPUR
Malaysia

Telephone: 603-2212022
Facsimile: 603-2220690

Further publications from the Management and Training Services Division

Management of the Privatisation Process
A guide to policy making and implementation, 1994

Capacity Building for Management of Privatisation
Report of the regional consultation workshop held at ZIPAM, Zimbabwe, March 1994

Economic Management and Planning
Case studies of selected Commonwealth countries
Bakul H Dholakia and Ravindra H Dholakia, 1994
price £7.95

Administrative and Managerial Reform in Government: a Commonwealth Portfolio of Good Practice
Proceedings of a pan-Commonwealth Working Group Meeting held in Kuala Lumpur, April 1993

Choices in Decentralisation
An overview and curriculum for central government officials responsible for the reorganisation of administration at the local level
Brian Smith, 1993

Government Information Technology Policies and Systems
Success strategies in developed and developing countries
Chun Kwong Han and Geoff Walsham, 1993

Information Technology Policies and Applications in the Commonwealth Developing Countries
Mayuri Odedra and Shirin Madon, edited by G Harindranath and Jonathan Liebenau, 1993
price £8.00

The Changing Role of Government: Administrative Structures and Reforms
Proceedings of a Commonwealth Roundtable held in Sydney, February 1992

Public Administration in Small Island States
edited by Randall Baker, 1992

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Proceedings of a Roundtable held in Male, December 1992

Performance Contracts: A Handbook for Practitioners
This handbook provides detailed information on the planning and implementation of performance contracts and includes selected cases from Commonwealth and non-Commonwealth countries

Biodiversity and Gender for Sustainable Development
Editors: Rogers W'O Okot-Uma & RoseMarie-Rita Odiachi 201pp, ISBN: 0-85092-558-4, GB£25.00

Strengthening MDIs
The Role of Management Development Institutions in Public Service Reform, Managing the Public Service: Strategies for Improvement Series No: 9, by Sam Agere, 102pp, ISBN: 0-85092-585-1 GB£9.00/US$14.00

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Environmental Assessment of Development Projects: A Guide for Planners and Managers, V Nagarajan & R W'O Okot-Uma, 259pp, ISBN: 0-85092-558-4, GB£25.00

Rethinking Policy Analysis: Enhancing Policy Development and Management in the Public Service
Managing the Public Service: Strategies for Improvement Series No: 8, Sam Agere & Ibbo Mandaza, 73pp, ISBN: 0-85092-583-5, GB£9.00/US$14.00

Managing Change: The Evolving Role of Top Public Servants
Managing the Public Service: Strategies for Improvement, Series No: 7, Peter E Larson & Amanda Coe, 48pp, ISBN: 0-85092-584-3, GB£9.00/US$14.00

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Managing the Public Service: Strategies for Improvement, Series No: 6, Sam Agere, Victoria Lemieux & Peter Mazikana, 134pp, ISBN: 0-85092-582-7, GB£9.00/US$14.00

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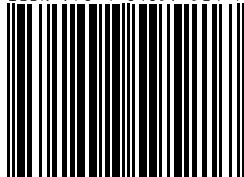
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