

CIVIL SERVICE REFORMS

**TOWARDS
MALAYSIA'S VISION 2020**

Ahmad Sarji

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Cover photograph depicts Putrajaya, Malaysia's futuristic Government
Administrative Centre in Perang Besar, Selangor.

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FOREWORD

The Civil Service of Malaysia has grown from being "Law and Order" oriented in the 1960s into one that is a pacesetter and facilitator for national development in the 1990s. In meeting the challenges of the 21st century, the Civil Service is well-equipped to be more involved in steering than in rowing and possessing more the mentality to serve rather than be served. It is this vision that has provided the direction and driving force in addressing emerging challenges.

This book on the thoughts, themes and issues of a dynamic Civil Service is the work of Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid, the Chief Secretary to the Government. In the last five years, he has strived to transform the Civil Service into a customer-focused, mission-driven, performance-based and proactive force that remains responsible and accountable. This book highlights six major themes and issues on Civil Service reforms. These are, effective leadership; managing change; total quality management; information technology for higher performance; the close collaboration between the public and private sectors and the need to be cost-conscious.

With his extraordinary capability to persuade and inspire, Tan Sri Dato' Seri Ahmad Sarji bin Abdul Hamid has succeeded in empowering the Civil Service into greater heights. With his leadership, public sector organisations have become more adaptive, responsive and flexible to changes.

Having made the decision to pursue ISO 9000 standards, the Civil Service, under his leadership, is now developing guidelines for government agencies to implement ISO 9000. The implementation of ISO 9000 will ensure a consistent quality of services provided by these agen-

Civil Service Reforms

cies. In the process of bringing about these changes, resistance and inertia will be encountered. It is important that the reasons for them be understood so that necessary steps can be taken to overcome or at least reduce them.

This book right now is the most up-to-date documentation on Civil Service reforms for implementation. Let me take this opportunity to congratulate the editorial team at INTAN for their commitment in seeing to the successful completion of this book.

Dato' Dr Mazlan bin Ahmad
Director-General
Public Service Department, Malaysia
May 1996

CONTENTS

Foreword

PART I LEADERSHIP

Chapter 1	Effective Leadership	3
Chapter 2	Managing Leadership	9
Chapter 3	Strategic Leadership and Accountability.....	13

PART II MANAGING CHANGE

Chapter 4	A Paradigm Shift in the Civil Service.....	21
Chapter 5	Challenges Facing Employers in the Asia-Pacific Region.....	29
Chapter 6	Business Process Reengineering	35
Chapter 7	Malaysian Management Identity	41
Chapter 8	Enhancing Competitive Advantages and Globalisation	49

PART III PRODUCTIVITY AND QUALITY IMPROVEMENT

Chapter 9	Fostering Quality Culture in Government	55
Chapter 10	Challenges for Innovation in the Civil Service.....	61
Chapter 11	Moments of Truth.....	67
Chapter 12	Going Beyond Excellence Through Quality	71
Chapter 13	Making Quality Happen	77
Chapter 14	Total Quality Organisation	83
Chapter 15	The Public Service and ISO 9000.....	87

Civil Service Reforms

PART IV INFORMATION TECHNOLOGY

Chapter 16	The Electronic Information Centre	95
Chapter 17	Implementing Electronic Data Interchange in Government	99

PART V MALAYSIA INCORPORATED

Chapter 18	Reinventing the Government.....	107
Chapter 19	Improving Public-Private Sector Co-operation	115
Chapter 20	Key Success Factors Towards Public Service Excellence.....	123

PART VI FINANCIAL MANAGEMENT

Chapter 21	General Tax Administration	131
	Index.....	137

Part I
LEADERSHIP

Chapter 1

EFFECTIVE LEADERSHIP

With the corporate sector in Malaysia and the region expanding and developing in leaps and bounds, there is a corresponding increase in the demand for skills development of managerial and executive personnel. At the same time, with the rapid changes in managerial and administrative systems and practices, there is a need for an up-to-date information and resource pool which can serve both the public and private sectors in upgrading skills.

There can be little doubt that the well-being and success of any nation or organisation is heavily dependent on good and effective leadership. History has shown that great nations and organisations are often the result of great leadership. Nations or civilisations have been known to fall or disappear completely due to leadership failure or the lack of a strong leader.

What makes a good or strong leader? What are some of the key attributes or skills required of a good leader? A good leader is a person who has a clear vision of where his organisation is heading, that is, he knows the desirable destination and which path should be taken to reach that destination in the shortest time possible and with the intelligent use of available resources. A good leader is, therefore, something of a visionary, a person who constantly envisages a better future for the organisation he leads.

However, to be an effective leader, he should be able to communicate this vision of betterment to the others in the organisation. A leader on his own cannot achieve his vision for the organisation. He needs the support and commitment of others in the organisation to translate that vision into reality. Someone once said that "successful companies

have a consensus from top to bottom on a set of overall goals. The most brilliant management strategy will fail if that consensus is missing". To garner this consensus and support from within the organisation, communication of the vision to others such that they clearly understand and desire the achievement of the same goal is paramount. An important leadership skill is, therefore, the ability to encourage and motivate others to mentally visualise the same goal or objective and muster the same enthusiasm to want to achieve that goal. They must see these goals as desirable, something which they on their own would find meaning and benefits from, and, most importantly, the goals must seem realistic and achievable. Those in the organisation must be given the confidence that the leader has their needs at heart as well as the ability and resilience to lead them to the destination. Communication skills, therefore, are important for the leader, to assist him in conveying his message clearly and in a manner which can inspire others, such that there is common identification with the vision and it becomes a shared vision.

However, vision-setting alone is not sufficient. It is easier said than done. An important leadership ability, therefore, is to translate the vision into reality. In other words, the ability to make things happen. An effective leader must be able to pull resources together, to work towards the achievement of the vision. He must ensure the identification and implementation of the necessary strategies, programmes and projects which can lead the organisation towards the realisation of the vision. He needs to put in place the relevant systems and procedures which support and assist in the process of moving towards the ultimate goal. He must constantly monitor and guide the implementation process, adjusting and fine-tuning programmes, in line with the changing environment. Such a process may involve making quick, strategic (and often unpleasant) decisions. Here is where a strong leader displays his unyielding commitment to the achievement of the vision, his will to lead without running away from the difficulties encountered on the way. Without such close nurturing and guidance from the leader, there may be a breakdown, with the vision remaining a distant dream.

Civil Service Reforms

While providing strong leadership from the top, a good leader also galvanises the support and commitment of his people to the implementation process. This is considered to be "managerial implementation". He also defines two key attributes of this managerial implementation. Firstly, managerial implementation is always done through other people. Secondly, managerial implementation almost always involves changing people's values, attitudes and behaviour. Getting things done through other people is indeed a sound management principle, for not only does this release the leader from implementing the nitty-gritty to other more strategic activities, but it also gives the necessary hands-on experience to others while increasing their feeling of ownership of the process and its ultimate goal. A good leader empowers and energises his people to give them the opportunity to act or react in particular situations. He allows for creativity and innovation within the broad framework. Such empowerment is invaluable for invoking the feeling and sense of power among the people that they are ultimately responsible for their own destiny. Such empowerment is what makes for commitment to the cause. With such transformation, thousands of innovative actions taken day in day out by members of an energised, performance-oriented workforce would add up to constructive change in the organisation at large.

The second attribute involves changes in values, attitudes and behaviour. This is definitely the more difficult realm. The implementation of any change programme invariably demands a new mind-set and new attitudes and values to be internalised within an organisation. This often makes for the creation of a whole new organisational culture. Effective leadership involves identifying the appropriate values, norms and work ethics. This is particularly critical in sustaining the integrity and moral character of individuals within the organisation as well as the organisation as an entity.

At the same time, the leader needs to establish a systematic process by which these values and norms are instilled. We recognise that while it is hard to confine and define a culture, it is even more difficult to change one. However, experience has shown that attitudinal change involving the assimilation of new values and norms which eventually

lead to a new organisational culture can be brought about through a systematic and unrelenting programme of change management. This has been amply demonstrated through our experience in the civil service in instilling a quality culture among civil servants, a culture which gives premium to service excellence through customer focus. The process of introducing the new culture involves clear delineation of the new values, norms and attitudes required to be practised by the civil servants as part of the new civil service culture.

In this context, two books on values were published, namely, *Values and Ethics in the Public Service* and *The Twelve Pillars: The Absorption of Values, Norms and Service Ethics*. The required values and ethics, such as timeliness and customer-focus, were also built into the Development Administration Circulars which were introduced into the Public Service for implementation in 1991. A systematic programme for wide information dissemination to ensure that these new values and norms were clearly understood and accepted was also put into place.

Other measures included constant reminders through keynote speeches by the higher-level civil servants, role models, training on the various circulars, giving recognition to those who conform and action against those who go against rules and regulations and the code of conduct, namely, Chapter D of the General Orders. Through these, it has been possible to instil a new civil service culture. In the same way, it is indeed possible for an effective leader to establish a new corporate culture within his organisation. Yet another critical task of a leader is the encouragement of the development of leaders and leadership skills within the organisation. This is, in fact, a fundamental responsibility of a leader, to nurture and develop leaders at the various levels of the organisation. A really strong organisation is one which not only has a strong leader at the helm, but also one where leadership qualities abound in the ranks. This is critical for not only the success of the organisation but for its continued survival. Such an organisation will not flounder when its leader is gone, for there will be an abundance of choice for the next leader from among those who have participated in the identification and implementation of the long-term vision. A

Civil Service Reforms

leader who offers a clear vision that is both coherent and credible, and who lives by a set of values that inspires innovation, has a fundamental source of power: being able to get things done, to mobilise resources, to get and use whatever it is that a person needs for the goals he is attempting to meet.

How then do we find good leaders? It is said that some leaders are born great, that is, there must be strong inherent leadership qualities inherited at birth; some achieve greatness and others have greatness thrust upon them, that is to say that leaders emerge when the situation demands it. Whatever may be the case, fortunately for us, leadership skills can be acquired or learnt. Even inborn leadership skills can be fine-honed through education, experience, exposure and skills training.

Here is where organisations such as ASLI can play a key role in the development of leadership skills. Good leadership and strategic thinking must, in the end, result in higher performance and productivity. Improving productivity is an art, not unlike medicine. It begins with diagnosis, for which the practitioner needs instruments for determining the patient's condition. It depends on knowing the patient, as well as common malfunctions and their symptoms. The ability to choose from among treatments depends on familiarity with all the options, including their mechanisms, time frame, risks and side effects. The more the professional knows about the underlying anatomy and organic processes, the more likely the treatment will prove effective. But there is no absolute certainty. This is why improving productivity is an art. And that is why feedback is essential. Your patients are, therefore, work organisations, and your job is to identify problems and rectify them where they occur.

A speech delivered for the Asian Strategy and Leadership Institute (ASLI) at the Banker's Club, Kuala Lumpur, on September 15, 1993.

Chapter 2

MANAGING LEADERSHIP

Leadership requires more than just energy and dynamism. It requires vision, empowerment and, above all, wisdom, temperance, courage and justice. Preparing future leaders is crucial as we approach a new century.

Leadership is like an indivisible strand. It binds and it holds. It takes as much as it gives, and it will not flourish where the spark does not exist.

Leadership is not just the visible control and direction of other men. It also involves the quiet management of crisis. It is fundamentally the act of articulating a vision and acting in pursuit of that vision. The concept of leadership *per se* is independent of rewards. Rewards come with leadership and may not all be monetary. The rewards could be in the form of recognition, but more valuable is the emotional satisfaction as well as the satisfaction of so many others.

Leadership is not management although they both go hand-in-hand. While good management brings a degree of order and consistency to key dimensions like the quality of service or product, good leadership, on the other hand, is about coping with change and aligning people to the desired change. A manager would be ineffective if he cannot lead and neither would the leader last if he does not know how to manage. In fact "a man who fails to lead himself can never lead". Umar Al Khattab asserted:

An Islamic leader must possess the following four attributes: gentle but not weak; firm but not proud; economical but not stingy; and

Civil Service Reforms

will always forgive. If any of this is missing, all the other three attributes no longer hold.

According to him:

The worst leaders are those whose mistakes cause hardship to his people.

Earth is the Kingdom of God and life is service to Him. Man in serving God works for himself, for society and also with society. The role of man then is simultaneously as leader (when he works for himself) and as follower (when he works for and with society). When man assumes a position of leadership, he is responsible to direct other men to achieve some goals. It is not for himself but for all those he leads and therefore he is required to listen to them. The father must provide for the wants of the child and the statesman must govern according to the wishes of the people. The leader must seize opportunities which will benefit his followers. Securing opportunities will enhance the well-being of his followers and the leader who does not improve the welfare of his followers is guilty before God of neglecting his duty.

Not everyone is naturally born a leader. Hence, we must learn how best to lead. Though much has been written about great men who seized upon opportunities and used their wisdom to lead their community to success, none though could match the Holy Prophet who not only led during his time but his actions today serve to guide us on the true path of salvation. God, through his Prophet, provides instructions and directions which determine the behaviour and the conduct of leaders. Since in Islam leadership is based on knowledge, specialisation, sense of responsibility and piety, a mastery of these is associated with superiority in leadership. The leader has to conduct the affairs of his constituents based on the universal laws of conduct given to us by God. Even in economic pursuit, Allah said:

help ye one another in righteousness and piety but help ye not one another in sin and rancour.

Al Maidah (5): 2

Civil Service Reforms

In this respect, the Prophet said:

Do not envy one another; do not inflate prices from one to another; do not hate one another; do not turn away from one another; and do not undercut one another, but be you, O servants of Allah, brothers. A Muslim is the brother of a Muslim: he neither oppresses him nor does he fail him; he neither lies to him nor does he hold him in contempt. Piety is right here—and he pointed to his breast three times. It is evil enough for a man to hold his brother Muslim in contempt. The whole of a Muslim for another Muslim is inviolable: his blood, his property and his honour.

Muslim

It is claimed that many Islamic societies are not development-oriented and that the principles of Islam have not been correctly mobilised for economic and social development. Endogenous and exogenous reasons were cited for this lack of development. The internal problem identified "the tradition of unaccountable leadership", while the external factor is cited as Western imperialism. They miss an important point: at its peak the centre of world trade and civilisation belonged to the Islamic community. What went wrong was the leadership at that time failed to recognise the fundamental connection between prosperity and civilisation and ignored Islamic public policy at a time when the West was beginning to align national policy with imperialism. Trade blocs are being formed in many regions. It is globally acknowledged that trade must be free. Technology and knowledge are vital if Islamic nations are to have competitive advantage. Islam enjoins the faithful to pursue economic wealth:

O ye who believe! Eat up not your property among yourselves in vanity: But let there be amongst you traffic and trade, by mutual goodwill: nor kill (or destroy) yourselves: for verily God hath been to you Most Merciful.

Al Nisa (4): 29

Islamic rationality is a delicate balance between ethical responsibility to the Umma and pure self-interest. Man has the dual mission of

Civil Service Reforms

using the material resources on earth for his advantage and the moral responsibility to choose good over evil.

If Islamic nations are to compete globally, and with success, they need good leaders. There are five good practices of leadership. A good leader is one who:

1. is a visionary and accepts challenges;
2. enlists followers to support the vision;
3. enables others to act; in other words he empowers others to give them a chance to become leaders in their own right;
4. motivates and encourages others; and
5. is a role model for subordinates to follow; he himself is a shining example.

Islam allows creativity and entrepreneurship; its leaders are encouraged to provide vision for its followers. The vision of the Holy Prophet in defending and spreading Islam throughout the Arab region is exemplary. Malaysia's vision is for the 21st century but already the tempo and pace is being set. True to Islam, Malaysia has declared that moral values cannot be relegated but must rank equal to the economic development that we want. It is the duty of leaders at all levels to ensure that there is ethics in their dealings, and that they morally possess a responsibility to the society at large. Islam forbids the exploitation of ones office and taking undue advantage from it. Adi bin 'Umaira narrates that he has heard the Prophet saying:

whomsoever we have given some post and he has concealed a needle or a thing smaller than that, then it will be a misappropriated thing with which he will have to appear on the Day of Judgment.

In Islam, leadership is not a position of profit but a trust.

A speech delivered at the official opening of the seminar on "Managing leadership towards the 21st century" at the Al Malik Faisal Hall, International Islamic University, Malaysia, on July 30, 1994.

Chapter 3

STRATEGIC LEADERSHIP AND ACCOUNTABILITY

The nations of Asean are today in the midst of some personal changes, which will continue to alter the future of the region significantly. The establishment of regional trading blocs, the cross-country movement of capital, and the rapid development of countries in the East are examples of such changes. Asean countries must keep abreast of these developments, both regionally and internationally. Asean countries must be proactive to maintain their relative position in the global market. It is here that our respective civil services have a critical role to play in harnessing the co-operation between private and public sectors. The civil service in Asean must provide the strategic leadership and co-operate with the public and private sectors to plan and implement proactive strategies to help achieve the vision of each country and the vision of Asean as a whole. What roles should civil services in Asean play in this new environment to remain effective, useful and relevant?

Malaysia's vision, in the words of the Prime Minister, is to create "a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, moral and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient".

To design appropriate policies and programmes to achieve that vision, there is a need for strategic leadership. Unlike the public services of developed countries, the public services in Asean countries have an added responsibility in that they provide the primary driving force for

national development. Though the different countries of Asean may be at different stages of growth and development, there will still be some common threads in strategic leadership.

One of the critical aspects of strategic leadership is to understand the environment in which the public services are operating. We find ourselves operating in an environment where the demands of the public for higher quality services are continuously increasing. The elected representatives demand quick solutions to problems and more proactive policies to meet future demands. The private sectors cry for speedier services and there is increasing concern for sustainable development as well. To satisfy these multiple demands made by the environment, the public service leadership has to formulate the right policies and procedures. The Malaysian public service has, for example, simplified the systems and procedures, reduced the information needed in the application forms, and co-operates effectively with the private sector. However, given the rapid changes continuously taking place in the environment and the consequent demands made on the public services, changes need to be introduced to accommodate these new demands. It may not be feasible for the central agencies of the government alone to continuously initiate new reforms. Others too can do their part.

One suggestion is that individual organisations become learning organisations which have achieved marked improvement in quality of services by adapting to changes in the environment through the following process. Firstly, these organisations should stimulate employee innovation and creativity through empowerment. Secondly, these organisations should exhibit an intensive desire and a strong commitment to generate and apply new knowledge and technology through information gathering and training. Thirdly, these organisations should develop a systems thinking approach which focuses on long-term solutions by identifying and resolving underlying problems. Individual organisations should thus exert their strategic leadership in making their organisations a learning one.

Another fundamental aspect of strategic leadership in the public service is to develop core competencies among its organisational mem-

bers and thereby develop their capacity and capability. Central to this is the identification of core competencies or skills that are required for each job category in an organisation and the provision of these competencies to the incumbents. These core competencies are transferable across similar jobs. As an individual moves to a new job, he is provided with the required new core competencies through training. The provision of these core competencies will help individuals undertake their respective responsibilities with greater efficiency and effectiveness.

For follow-up and follow-through to be effective in organisations, organisational members must be fully committed to the new policies and plans. This commitment will come if the leadership can "sell" their vision in a persuasive and convincing manner to create "a shared vision" among all members of the organisation. Effective follow-up and follow-through in organisations require regular and comprehensive monitoring. Any deviation from the intended objectives should be quickly identified and resolved. The use of modern technology such as computers will help in this monitoring process.

In fact, technology has a much wider use than mere monitoring of programmes and policies. Technology should be used for information gathering and analysis, evaluating decision alternatives, process simplification, data storage and faster delivery of services. It is important that technology becomes an integral component of management. To fully reap the benefits of technology, the organisation must also be provided with the appropriate staff who are competent in handling the technology.

While there are organisational mechanisms such as the Public Complaints Bureau, Audit Department, The Treasury, the Public Accounts Committee and the Anti-Corruption Agency in Malaysia, measures are also being undertaken to inculcate the value that public officers should be accountable for their activities and operations.

The concern for accountability should not only be confined to the expenditure of public funds. It should also extend to encompass the management of government assets. Proper preventive maintenance to ensure longevity and fit for use at all times is accountability as well. The concept of accountability also includes the appropriateness of

Civil Service Reforms

policies and programmes that have been formulated. It is imperative that managers scrutinise projects thoroughly before implementation to avoid unnecessary outlay of financial resources and undesirable consequences.

It is our moral responsibility to ensure that we do not compromise the nation's long-term interests for short-term gains. Thus, we must be concerned with environmental and aesthetic issues such as pollution control, deforestation, depletion of natural resources, preservation of historical sites and buildings and a better quality of life. The decisions on development invariably involve one or more of these issues and these necessitate comprehensive and in-depth analysis of all programmes and projects. Public services that are guided by proper values and a code of ethics will be a better guarantee of public accountability. The concern for accountability should pervade the whole public service.

Networking among Asean countries is critical. By highlighting some of the issues, a thread of commonality can be seen across the region. There is a better understanding of how the same issues are resolved in different ways or in superior ways. The Asean Conference on Civil Service Matters is there to bring about closer co-operation among the civil service of Asean countries and to strengthen and equip them to meet the challenges arising from the dynamic changes in the environment. Specifically, this forum allows for the exchange of experiences and views on improvements to the civil service on specific development projects as well as promote collaborations among member countries and review the implementation of such joint programmes.

The recently established Asean-EC Management Centre provides yet another opportunity for Asean public services networking. This centre also intends to fund Asean regional projects with some inputs from the European Union, thus encouraging co-operation among them. In addition to this, there are other networking mechanisms like the linkages formed by the respective training institutions. Visits organised by training institutes to other countries within Asean and the sharing of teaching resources are other examples. In the pipeline are other projects that will be undertaken by each country for the benefit

Civil Service Reforms

of Asean as a whole. A case in point is Malaysia's commitment to establish the Asean Resource Centre for Case Studies which is to be a repository to be used for training purposes by Asean training institutions.

A speech delivered at the opening of the "Asean Seminar on Strategic Leadership and Accountability: Networking in the Decades Ahead" at the Crystal Crown Hotel, Petaling Jaya, on September 26, 1995.

Part II
MANAGING CHANGE

Chapter 4

A PARADIGM SHIFT IN THE CIVIL SERVICE

The Civil Service in Malaysia is undergoing a paradigm shift. A paradigm is a set of rules that defines boundaries and tells us how to function within those boundaries. Once a paradigm takes hold, it strongly influences our perceptions of things and we will resist new ways of seeing the world and new approaches to solving problems. Only a paradigm shift will force us to reframe our thinking. In the words of Stephen R. Covey in his book, *The 7 Habits of Highly Effective People*, "... paradigm shifts move us from one way of seeing the world to another. And those shifts create powerful change."

The paradigm shift in the civil service is from a rule-bound bureaucratic tradition to a more proactive, flexible and adaptable mode of operations. We have adopted a new model for conducting the business of public administration in consonance with the dictates of environmental demands and changes. We have moved from our conventional and one-dimensional roles as rule-setters and regulators to that of facilitator and pacesetter in national development. We have formed strategic alliances with the private sector in pursuit of accelerated growth. The new paradigm has therefore redefined the boundaries of operations of the civil service and created the environment for changes in attitudes and behaviours of civil servants.

The civil service has embarked on its journey towards developing a quality culture. The key component in these efforts under the new paradigm is the focus on quality and productivity in order to improve service delivery. In this regard, Total Quality Management (TQM) has

been adopted as an approach to mobilise all available organisational resources to meet customer requirements. This signals a major reorientation from one of merely generating outputs and services to that of meeting the expectations of the customer. The goal is to create an organisational culture where quality and productivity improvements are seen as a way of life and a mind-set that permeates the whole organisation.

TQM as a management philosophy upholds the principle of participatory management which promotes employee participation while emphasising the importance of customer satisfaction and continuous improvement. Accordingly, values like cost, timeliness, meeting targets, innovativeness and responsiveness to customer needs become integral to the quality culture.

All public sector agencies are required to formulate their respective missions through the process of strategic quality planning. The primary objective is to galvanise public sector agencies to be market-driven and to institutionalise a distinct customer-orientation in the delivery of services. In this context, the Client's Charter introduced in 1993, forms the apex of all these efforts in inculcating and internalising the quality ethos.

The Client's Charter is a written commitment made by all government agencies pertaining to the delivery of outputs or services to their respective customers. It is an assurance by agencies that their outputs or services will comply with the declared quality standards that is in conformance with the expectations and requirements of the customer. The Client's Charter provides the "moment of truth" for the civil service in that it provides a critical point of evaluation by its customer in his encounter with the civil servant. The customer has specific information on the standards of quality to expect and consequently is in a position to evaluate the performance of services rendered and make comparisons between agencies that provide similar types of services. The customer's experiences of the customer in such moments of truth contribute to the building of efficiency of the civil service.

A critical factor contributing to the effectiveness of the Client's Charter is in its ability to provide Service Recovery Mechanisms in in-

Civil Service Reforms

stances where pledges contained in the respective Charters cannot be fulfilled. Such service failures must be addressed and agencies must be ready at all times to restore the satisfaction of customers by activating a planned service recovery system. Service recovery can be carried out in two ways: reactive service recovery and proactive service recovery. A reactive service recovery means that an agency will take immediate recovery action when it receives a complaint or feedback on service failure and customer dissatisfaction. Proactive recovery is action taken on the initiatives of the agency without waiting for customer complaints. The agency informs its customers that it is unable to fulfill the service standards as pledged in the charter even before a complaint is lodged. For example, garbage has not been collected by the Municipal Council in a certain housing estate for a week. The recovery that can be undertaken is for the Municipal Council to immediately despatch its own garbage collecting unit. A second example is in instances where a one-stop payment centre is unable to provide services due to a computer breakdown. Recovery that can be undertaken is in the form of displaying notices or announcing the breakdown via public announcement system in the waiting area.

Most importantly, the Client's Charter recognises the sovereignty of the customer and confers the concomitant rights to the consumer of public goods. We believe that the Client's Charter is the starting point in bringing about the empowerment of the citizenry *vis-à-vis* the civil service.

A second thrust towards the paradigm shift is the promise of quality counter services. A number of measures have also been implemented to upgrade the quality of such counter services provided by the civil service. Guidelines for quality counter services have been introduced whereby government agencies are required to provide the necessary facilities for the comfort of its customers. These include proper directional signs and guidelines pertaining to the forms used, procedures, work flow and processes that are prominently displayed for the convenience of customers. Furthermore, training is provided to ensure that counter staff are well informed and courteous.

Civil Service Reforms

Public sector agencies have moved towards greater customer orientation in the delivery of outputs or services. A total of 1,399 one-stop payment centres have been introduced to facilitate the payment of electricity, water, telephone and assessment bills at Post Malaysia, Telekom Malaysia, Department of Waterworks/Water Boards, Tenaga Nasional and other local authorities.

These one-stop centres have been extended with the introduction of the Public Services Network. This Network is a facility which enables government agencies to offer on-line services to the public using the computer and network facilities of the post offices. Currently, two types of services are offered, namely, the renewal of driving licences and the renewal of business licenses. The renewal of driving licences can be transacted at 63 post offices in Peninsular Malaysia and this will be extended to another 59 post offices before the end of 1994. Meanwhile, for the renewal of business licenses 90 post offices offer this service and this will be extended to another 211 post offices by the end of 1994.

The Public Services Network will be expanded in stages and more services will be offered for the convenience of the customers. These include:

1. The renewal of road tax;
2. Payment of traffic compounds;
3. Payment of L-licences;
4. Enquiries on business profiles;
5. Enquiries on the statement of accounts of the Employees Provident Fund's (EPF) contributors; and
6. Enquiries on changes of addresses of the Employees Provident Fund's (EPF) contributors.

One-stop investment centres were also created to facilitate investors in terms of information and various approvals to initiate investment projects. At the federal level, the one-stop investment centre is found at the Malaysian Industrial Development Authority (MIDA) where approvals are centralised for various applications of manufac-

Civil Service Reforms

turing licences, tax incentives and expatriate posts. At the same time, MIDA has set up the Advisory Service Centre manned by officers from various ministries, departments and utility companies to provide approvals for their respective areas of jurisdiction. At the state level, one-stop investment centres have been established and are usually chaired by the *Menteri Besar* or his deputy and are located in State Economic Development Corporations or the State Economic Planning Units. These centres have contributed to speedier approvals and provided a conducive environment for increased investment.

A strong initiative was undertaken in 1990 to streamline, simplify and eliminate procedures and regulations deemed cumbersome by the private sector. A "Study on the System of Licensing and Permits Pertaining to Business and Investment" was undertaken and as a result of which, three new strategic thrusts were initiated.

Firstly, the use of composite forms and the issuance of composite licences was introduced to replace the multitude of forms required and licences issued. Today, 33 Municipal and District Councils have introduced the use of composite application forms while 27 Councils have issued composite licences such as the premise licences for trade, business and industry, premise licences for storage, canteens and licences for advertisement. This compares to the position before the introduction of composite forms and licences, where, for example in the hotel industry, sixteen separate application forms and henceforth separate licences were issued for lodging, restaurants, laundry, music/singing/dancing and storage of gas for cooking and others.

Secondly, the establishment of one-stop centres for licences for the issuance of licences. To date, 38 Councils have set up one-stop licensing centres while at the federal level, the most effective implementation is to be found at the Royal Customs and Excise Department where five custom stations have been established in the Federal Territory, Kuala Lumpur, Penang, Pasir Gudang in Johor, Ipoh and Port Klang. These centres receive, process and approve all new applications and renewals at a central point compared to the earlier situation whereby these licences were issued separately by different divisions and branches.

Civil Service Reforms

Thirdly, extending the validity period of licences from one to three years for business premise, trade and manufacturing licences to facilitate investment by abolishing the need for yearly renewal.

To continuously review rules and procedures, consultations were conducted with various chambers of commerce and industry, business councils and other social and professional organisations under the ambit of the Malaysia Incorporated Panel. This provided the impetus for a review which culminated in the second phase of the "Study on the System of Licensing and Permits Pertaining to Business and Investment". The new recommendations will provide the basis for further strategic thrusts in the new paradigm. These include:

1. Abolishing of unnecessary licences;
2. Extending the use of composite forms and licences;
3. Introducing the composite bill;
4. Extending the validity period of licences;
5. Establishing more one-stop licensing centres; and
6. Increasing the effectiveness of one-stop investment centres at the federal and state levels.

The new paradigm which emphasises accuracy, timeliness, performance measurement and strategic planning, requires the use of computers to organise, channel and disseminate the pertinent information to achieve these aims. We have undertaken a major office automation programme to replace existing manual systems. Computerised text processing, information storage and retrieval and communication systems have been introduced to increase efficiency and enhance productivity. The objective is to move towards a paper-less bureaucracy.

A major initiative in the area of information technology is the establishment of the Civil Service Link (CSL). The CSL is the forerunner of a new culture in the civil service which stresses a more systematic information collection and management system. Launched by the Prime Minister on August 9, 1994, the CSL is a central database which contains information on various aspects of the civil service which is of importance to the private sector in facilitating their planning towards

Civil Service Reforms

meeting competitive challenges. The CSL provides another step towards information sharing between the public and private sectors in the spirit of Malaysia Incorporated and is a successful attempt at process reengineering *vis-à-vis* access to government information. Five databases have been created:

1. **The Ministry Database**
Provides information on the profile of 140 agencies under the heading objectives, functions, addresses, incentives/exemptions, laws/regulations, publications and licences/permits;
2. **The Services Database**
Includes description of the services provided, prerequisites forms, payments, names of contact persons and telephone numbers regarding the service. Currently, information on a total of 111 services is available in this database;
3. **The Public Services News Database**
Consists of information on tender advertisements from six government agencies; public news deemed to be important to the general public such as changes to the names of agencies or ministries, news on monetary development and others;
4. **The Tariff Database**
Allows the user to access information on import duties, export duties and sales tax of about 11,000 widely used items which are contained in the official Customs and Excise Trade Classification Book; and
5. **The Statistics Database**
Allows the user to access any trade and commodity information for the years 1991, 1992 and 1993. The user is hence able to analyse trends and use the information to facilitate decision-making.

In addition to this, two CSL information kiosks will be installed at the General Post Office and a shopping mall to offer the general public valuable information on how to apply for various licences, free legal advice, approvals required for renovating a house, list of documents re-

Civil Service Reforms

quired to apply for a passport, sporting facilities, youth programmes, consumer rights, education and so on.

This supportive environment for information sharing between the public and private sectors can also be seen through the implementation of the Electronic Data Interchange (EDI) at Port Klang with the introduction of the Port Klang Community System. The EDI is a direct computer to computer application with respect to the exchange of standard business documents. EDI replaces the need for paper documents and is thus suitable for sending and receiving purchase orders, invoices, bills of lading and other trade documents. Direct benefits of EDI include speed of transaction, reduced error and a reduction in costs associated with paperwork.

Given the enormity and complexity of the civil service, the strategy of continuous incremental change has been adopted. Several support programmes such as information dissemination, training, reward and recognition are being used as mechanisms to effect this evolutionary change.

A speech entitled "A New Paradigm in the Civil Service: Dealing with the Malaysian Civil Service", delivered at ASLI's Strategic Issues Forum, at the Banker's Club, Kuala Lumpur, on August 11, 1994.

Chapter 5

CHALLENGES FACING EMPLOYERS IN THE ASIA-PACIFIC REGION

One of the important challenges facing employers in the Asia-Pacific region is how to mobilise the workforce to work in tandem with government's development goals to accelerate economic growth and enhance the quality of life of the workforce. Employers have an important role to play. They have to manage their labour efficiently and maintain industrial harmony both of which are important prerequisites to sustainable economic growth.

To maintain industrial peace, enhance the quality of life of the workforce and increase technological capabilities and competitiveness, there should be thorough understanding and co-operation between the government, the employers and the workers. On the part of workers, such co-operation is most effective if they are represented by responsible and resourceful trade unions. All countries recognise the importance of sound industrial relations in the process of development. Poor industrial relations, unbridled strike action or other acts of industrial unrest and trade union rivalry will all lead to turmoil in industrial relations and can actually destroy what might otherwise be good prospects for rapid economic development.

Industrial relations have evolved over time to emphasise peace obligations under a collective agreement. Free collective bargaining has been accepted as a legitimate instrument for settling industrial disputes. It is the primary mechanism for the conduct of industrial relations in the private sector. It ensures that workers are always consulted and have a voice on matters that affect them most. Worker participation through consultation will not only render recognition of worker's

Civil Service Reforms

rights and accord high priority to the dignity of labour but also help increase productivity, improve worker morale and loyalty besides improving the quality and reliability of the company's products. Increased worker participation and maintaining sound labour management relations therefore need to be put on the agenda of employers as it can help to resolve a multitude of problems at the workplace. This will lead to greater commitment and the inculcation of positive work and productivity attitudes among the workforce, thus paving the way for better company performance and competitiveness. Such a sound labour management footing will also foster a favourable atmosphere towards greater acceptance of a wage-productivity related system that would take cognisance of company-industry performance and productivity and relate increases in wages to increases in productivity. The successful implementation of this system for which the principles have been set will determine the future competitiveness of companies.

It is essential that the pace of the economy is not disrupted by disharmony and conflict between capital and labour. Capital should be prepared to accept the principle of social justice and the existence of healthy trade unionism, while organised labour should recognise its duty in increasing productivity and practising good work ethics. Both management and labour must ensure that their energies are channelled constructively into production and growth. Governments in the region must foster productive co-operation between labour and management and continue to upgrade labour standards and social security benefits to motivate the workforce to achieve higher levels of productivity.

Companies around the world today, including the Asia-Pacific region, face unprecedented challenges brought about by globalisation, deregulation, technological changes, customers' growing demand for shorter lead-time and falling market prices. Organisations wishing to survive and continue to exist in business must maintain profitability based on strategies which need to encompass both productivity and quality. The unit cost of production may well be the sole important determinant where all things are equal in other quality characteristics of the product or service. Productivity, which is efficiency in the utilisa-

Civil Service Reforms

tion of resources, and quality, which is the effectiveness of the utilisation, must be exploited to the optimum.

The turn of the century is important to the Asia-Pacific region. Employers must accelerate their efforts to get their enterprises to initiate a two-pronged approach to enhance productivity and quality. Firstly, a greater amount of investment on productive physical capital to increase production capacity is needed. Secondly, there is also a need for perpetual investment in human resource development not only to increase inputs but also the quality of the input as far as the efficiency and effectiveness of the input is concerned for there should be an emphasis on Total Factor Productivity. New manufacturing techniques and systems such as flexible manufacturing system (FMS) and optimum production technology (OPT) are recommended to eliminate or alleviate problems of wastage and long production lead-time which will further enhance customer satisfaction. On the other hand, employees being the most important resource of the enterprise, have to be trained to be multi-skilled and proactive.

Firstly, positive work culture and values need to be inculcated in the workforce so as to enable them to face challenges in the current volatile and dynamic market environment. The workforce should be allowed to participate in management decision-making and the segregation of labour from management should be avoided. One of the ways in which such integration and participation can take place is through Quality Control Circles (QCC) and Total Quality Management (TQM) which are already being implemented by many organisations. Secondly, management has to realise that productivity and quality enhancement is a perpetual phenomenon and in order to do this, there has to be a continuous learning process in the organisation.

In order for enterprises to know their productivity status, and to be able to respond quickly to market demands for world-class products and services, productivity benchmarking is pertinent. Benchmarking will help enterprises identify their current performance, levels of productivity and also productivity gaps and determine areas where competitive advantage could be gained. The main thrust of companies will be to undertake research to identify productivity indicators. This

will enable industries to develop their own "stretch-goal" to remain competitive. One of the ways in which such a benchmarking is done is through the Quality Management Awards which can identify the organisations that have achieved high levels of total quality management—industries should be competitive with one another.

Eight critical factors have been identified in influencing productivity: manpower, systems and procedures, organisational structures, management style, work environment, technology, materials and capital equipment.

The manpower factor plays a critical role in determining the performance of an organisation. Employees are responsible for activating various vital work processes such as planning, controlling, decision-making and production. Whatever technological advancements that have been made, the human element is still the deciding factor that provides the leverage for organisational excellence. The enhancement of productivity in this area can be in the form of continuous upgrading of skills and knowledge, inculcation of positive values and work ethics, and the introduction of an effective system of rewards and recognition.

Systems and procedures which are obsolete are obstacles to efficient delivery of services. Government agencies have been advised to review their systems and procedures to provide expeditious and more efficient services to the public. Where necessary, work processes have to be re-engineered.

With regard to management style, the most important responsibility of management is to ensure that all employees and systems in the organisation are geared towards productivity improvements. Managers must lead. They must provide the vision and set clear objectives for the organisation. These must then be effectively communicated to employees at all levels so that there is a common understanding of the shared vision and objectives. Employees have to be encouraged to participate in productivity improvement efforts through involvement in problem-solving groups such as Work Teams, Task Forces and Quality Control Circles.

For greater productivity, a conducive work environment is imperative. A conducive work environment means good office layout,

Civil Service Reforms

clean and hygienic office, a workplace equipped with safety features as well as ergonomical furniture and apparatus, and caring and friendly personal relationships. In short, we have to pay attention to the physical as well as the psychological aspects of the work environment which impact on the level of workers' productivity.

There is no denying that in this age of modern science and technology, a high level of productivity depends greatly on the degree of technological applications into work processes. Various work processes can be automated or mechanised, thus expediting work, reducing cost and increasing quality.

Productivity can also be increased by reducing wastage of materials such as stationery, chemicals and construction materials which are used as inputs. Among the measures that can be used to prevent wastage of materials include regular quality inspections and establishing a good inventory system.

Last but not least, close attention must be given to capital equipment such as machines, plants and vehicles to ensure optimal utilisation. Regular maintenance of these equipment according to pre-planned schedules to minimise repairs goes a long way in prolonging their life-span.

The existence of unproductive practices in the daily operations of public sector agencies as well as in private sector companies has been identified as one of the barriers in improving productivity. Such practices not only result in frequent work disruptions but also increase operational costs. As such, companies and public sector agencies must be on the constant look-out for unproductive practices and wasteful habits in their operational systems. The resultant mapping of unproductive practices within an organisation enables the manager to undertake concrete corrective actions, thereby improving productivity.

A speech delivered at the opening of the MEF-NIKKEIREN-ILO-IOE Asia-Pacific High-Level Employers' Conference "Challenges and Choices Facing Asian and Pacific Employers Towards the Year 2020", at Kuala Lumpur Hilton, on October 6, 1994.

Chapter 6

BUSINESS PROCESS REENGINEERING

In the face of an increasingly competitive world, the most pressing issue confronting any organisation is the challenge of change. At its best, success, and at its worst, the very survival of an organisation, depends on its willingness and ability to synchronise with the changes and new demands of the environment. In this process of adapting to the needs of the present and future, the organisation must be open to new management concepts and technology, which will provide us the key to identifying and overcoming current weaknesses or to help us take the quantum leap to breakthrough improvement. Business Process Reengineering (BPR) is one such new concept which, according to the August 1993 issue of *Fortune* magazine, promises "to deliver extraordinary gains in speed, productivity and profitability".

In this age, where the customer is king, Business Process Reengineering gives us a further insight to improved customer service and customer satisfaction. Robert Janson, the President of Roy Walters & Associates of the United States, talks of reengineering as "a radically new process of organisational change that many companies are using to renew their commitment to customer service." The book, *Business Process Reengineering* (1993), by Johansson, McHugh, Pendlebury and Wheeler and published by John Wiley & Sons, defines Business Process Reengineering as "the means by which an organisation can achieve radical change in performance as measured by cost, cycle time, service and quality by the application of tools and techniques that focus on the business as a set of customer-oriented core business processes rather than a set of organisational functions." The three key words in

both these definitions are "radical", "customer" and "process". Business Process Reengineering envisages radical change rather than incremental improvement. These changes permeate the structure, process, technological and human aspects of the organisation. Reengineering is also radical because in this process nothing is sacrosanct. It involves not only questioning the way we do things but even to question the very business that we are in. The starting point of reengineering is the customer and his needs and wants. Once customer expectations are established, the organisation needs to design or restructure its work processes towards fulfilling these expectations, discarding all other logic or reasons as the basis for process redesign. Business organisations would do well to bear these various key concepts in mind in redesigning their organisations.

The civil service would also undoubtedly benefit from such zero-base planning. This is particularly so because the civil service has inherited so many rules, regulations, systems and procedures from the past. These rules, regulations, systems and procedures have been passed from generation to generation of civil servants, often with admonitions to preserve the tradition. They have stood the test of time in the past and inherited a mantle of immortality. However, many have long outlived their original purpose. Such rules and regulations are sometimes the root cause of rigidity and inefficiency in the civil service rather than civil servants themselves.

To address this problem, the Government has initiated various measures to redesign rules, regulations, systems and procedures with customer satisfaction in mind. One major initiative launched in February 1994 is a study by the civil service to review current rules and regulations pertaining to business and investment with the view to streamlining and simplifying the systems and procedures for the issuance of permits, licences and other related approvals. This is a follow-up to a similar study carried out in 1990. Based on the earlier study, several major measures have been successfully implemented in government agencies. These include the abolition of several rules and regulations which were found to be dilatory to development of trade and industry or were outdated.

Civil Service Reforms

The study also paved the way for the introduction of composite application forms and composite licences. By using composite licence forms, applicants are able to apply simultaneously for various licences. This cuts down on the number of forms that needed to be filled previously. Composite licences combine various licences issued by an agency into one. Such composite application forms and licences have been introduced by agencies such as the Kuala Lumpur City Hall and the Ministry of Information. The validity periods of various licences and permits have also been extended, some up to five years, to reduce the burden of annual renewals.

Yet another initiative which was consequently introduced was the increase in the number of one-stop licensing centres. This facility is being further extended through the Public Services Network, whereby post offices throughout the country will act as one-stop bill payment centres and provide other services such as facilities for the renewal of various licences such as driving licences and road tax. In view of the significant success achieved by the earlier study, a follow-up study has been launched to be co-ordinated by MAMPU. This study is to ensure on-going efforts in this area towards further streamlining rules, regulations, systems and procedures to take into consideration the more recent changes and developments in the environment. To ensure that customer needs are taken into consideration, the study team will hold dialogues with the various trade and industry associations and chambers of commerce. The study is expected to be completed by July 1994.

On another level, all heads of departments have been asked to review the administrative and legislative powers under the purview of their respective departments, with the view to identifying those which may be outdated or dilatory. These concerted and on-going efforts will have, as their major focus, the customer and his need for speedy and efficient service. A major component of Business Process Reengineering is designing processes from the outside in. The key question to ask is how does the customer want to deal with you and not how you want to deal with the customer. This is the key to effective customer satisfaction. On the part of the civil service, this concept has been translated

into a concrete programme of on-going consultation with one of our key clients, namely, the private sector, through the various consultative panels established under the umbrella of the Malaysia Incorporated Policy.

With the introduction of Total Quality Management in the Civil Service in 1992, further inroads have been made into laying the foundation for business process reengineering. For instance, one of the basic tenets of TQM is top management support. Such top management support is vital for effective Business Process Reengineering since it involves major decisions such as resource deployment, the establishment of quality standards and features of output and manpower planning. TQM also emphasises customer focus. Under TQM, all departments are required to identify their major customers and their requirements pertaining to the output of the department. These requirements need to be translated into standards of quality output as well as in terms of the processes involved in producing the output. TQM, therefore, plays a major role in the implementation of Business Process Reengineering.

Information Technology is yet another key component for effective Business Process Reengineering. To be truly effective and world class in our business operations, we need to keep abreast with the latest developments in technology in the international market which can further automate processes and expedite information flow and decision-making. In the public sector, several major IT projects have been launched to assist not only the civil service to be more efficient and effective, but more importantly, to assist the business sector and investors in their work.

The Civil Service Link is an on-line database which will be a repository of a variety of data and information related to the civil service and administration of use to the business community and investors. Information available will include the profiles of key public sector organisations which have major dealings with the private sector and investors such as the Immigration Department, Royal Customs and Excise Department, Ministry of International Trade and Industry (MITI) and Malaysian Industrial Development Authority (MIDA). The CSL is expected to be operational by June 1994. The Public Serv-

ices Network will provide a variety of services to the public through post offices throughout the country which will go on-line. The post offices will act as one-stop bill payment centres and offer services such as renewal of driving licences and road tax. At present, a pilot project involving four post offices is being conducted.

Michael Hammer's ideas on business process reengineering as contained in his book *Reengineering the Corporation*, while not totally new, offers us options to ensure sustained viability and competitiveness of our organisations in an ever-changing environment. Many of the recent management thinkers have provided us with conceptual frameworks applicable to our tasks, with theories and ideas often borrowed from the non-business world. Hammer's ideas are undoubtedly influenced by his computer science background. Nevertheless, he has formulated the notion of reengineering that promise much to leaders and managers of organisations.

Reengineering involves an integrated redesigning effort that incorporates the strategy, business processes, people and technology of the organisation. It proposes that companies radically redesign their work, with the companies organised around processes and not functions, that is, organising with focus on the outcome, not the tasks. This streamlining of organisational processes from a holistic viewpoint involves:

1. undertaking a fundamental review of the organisation's strategies, vision, mission and objectives, and ensuring that it is in line with the evolving marketplace;
2. reviewing its processes to realign it to the real goal of the organisation, that is, defining core functional-objectives and analysing the processes and activities designed to achieve them;
3. using Information Technology to facilitate business process efficiency and effectiveness, and enabling it to be responsive to continuing change; and
4. developing responsive (rather than rigid) internal management structure, and mobilising a well-trained workforce committed to a culture of excellence and dedicated to customer

Civil Service Reforms

satisfaction. Undertaking such an in-depth analysis would involve rethinking and realignment of the organisation, a review of its mission, jobs, work processes, activities, structures, management systems, personnel, norms and its work culture. A primary influencing factor in the review is the customer's demand and the changing demands of the marketplace. An integrated change effort consistent with the overall strategy will ensure that the organisation benefits from continual improvement.

Business Process Reengineering provokes action that can result in better quality products and services delivered with existing resources, reducing cycle-time for delivery of product or services, cost reductions in business operations, ensuring better value to customers, innovating and producing new and better products, improvements in front-line and counter services especially with on-line-processes, reduction of physical record-keeping with better computerised processes; one-stop transactions as opposed to multi-stop transactions and better utilisation of staff with remobilisation of staff or reduction of overall staff requirements.

An address delivered at the opening of the seminar on "Business Process Reengineering", organised by the Asian Strategy and Leadership Institute (ASLI), at the Concorde Hotel, Kuala Lumpur, on April 7, 1994.

Chapter 7

MALAYSIAN MANAGEMENT IDENTITY

Malaysia, with its diverse cultures and workforce, is a challenge to any manager to prove his worth. Many of us have been exposed and schooled in theories of management based on Western practices and values. But we know that these Western theories and values cannot be applied in totality to our local environment, while ignoring the local culture and values. It would be fatal to transplant foreign practices in toto onto the local setting; it is inviting hostility and failure—simply because some of these practices and values are diametrically opposed to our own. The success of the Japanese is precisely because they have the wisdom to pick and choose the better Western practices and blend them with their own culture and values, but without losing their own sense of identity. In fact, there is now a turnaround situation where the West is picking up and introducing some of the Japanese and Asian practices into their management styles, the most outstanding of which is the need for teamwork.

While the West emphasises on the hardware of management, that is, the systems and structures are aligned to the organisation to be competitive, to be goal-oriented and result-driven, we tend to place more emphasis on the softer side of management, that is, the human side where building relationships, compromising, and seeking consensus, are important and given due consideration in the quest to meet organisational goals. Our culture of being non-confrontational and “giving face” calls upon Malaysian managers to treat their staff with more passion, concern and greater tolerance. Building relationships and seeking consensus create an environment of harmony and co-operation in the organisation and helps to instil loyalty and trust in the employees. The

Civil Service Reforms

Western style of forcefulness, of speaking one's mind and "shooting from the hip", and direct confrontation, is actually alien to us, which we would consider as rude.

Our culture and upbringing require us to be respectful of our elders and seniors, to have a high sense of tolerance and patience, and mutual respect for each other, all of which help to create harmonious working relationships in the work environment. The practice of paternalism, especially in Chinese-based organisations, generated through the practice of the apprenticeship system, also inculcates loyalty and respect to the senior members of the organisation. Traditionally, in small business organisations, the employer takes on a benevolent paternal role of providing not only the wages to the employees but also food and sometimes lodging too. He is also like a father, teacher and counsellor to them.

Another important skill that our managers should be good at in managing multi-cultural, multi-ethnic organisations is the ability to communicate with sensitivity and mindfulness. Living in a multi-social society has made us realise that there is a need to be sensitive to the culture, norms and values, and belief systems that each of us uphold. All these elements have an impact on the way we communicate, particularly when we work in an organisation that is multi-racial. Managers need to know the art of cross-cultural or inter-cultural communication to ensure that conflicts and tensions are not created in the organisation. The successful Malaysian manager must also possess the ability to sense the cultural and social peculiarities of his staff as different, but no less inferior, from his own cultural background and social upbringing, and be mindful of those things that are sensitive and close to their hearts, so as not to hurt their feelings. Effective communication cannot be achieved without the ability to listen effectively. Effective listening requires the manager to have patience, respect, concern and regard for the welfare and performance of subordinates. As Confucius said:

Treat people with dignity and kindness and they will do their best;
raise the good and instruct those who are backward and they will be
imbued with enthusiasm.

Civil Service Reforms

We should not go to the other extreme of management by conflict avoidance where all unpleasanties are swept under the carpet. A good manager does not seek popularity; he has the responsibility to do the unpopular on those who have it coming. Productivity and quality can only be achieved when the manager takes the necessary steps to discipline perpetual poor performers. Respect for managers can only be garnered when he wisely metes out punishment to those who have flouted the regulations, and give reward and recognition to those who have done well in a fair and transparent manner.

It is our nature to share, to lend a helping hand to those in need, and to help our fellow workers so that a piece of work can be accomplished successfully. The spirit of co-operation and teamwork is in-born in us. However, with the progress in education and Western influence that preaches individualism, and with rapid urbanisation, we must ensure that these values are not eroded away. As managers, what can we do to preserve our tradition of teamwork, and yet encourage positive individualism? The Japanese have proven that "co-operation and teamwork" underlies their success, so much so that the Americans are now taking a step back to de-emphasise individual fulfilment and ambition, and highlight the benefits of team spirit and teamwork for organisational effectiveness. A sharing of organisation vision, common goals, allowing employees to participate in coming up with the strategies on how to achieve the organisation's vision and goals, informing them on how the organisation is doing and performing, would create a feeling of belonging and ownership among employees. With the quality movement and the Client's Charter spreading in Malaysia, we are on the way to creating a Malaysian identity in these things.

Management must support national development. As the nation goes into overdrive, the thinkers and practitioners of management must contend with the issue of developing a Malaysian management identity to complement the national agendas ahead of us.

Management in Malaysia must have as its cornerstone an obsession for excellence. With excellence as its foundation, management development will, as a natural course, evolve and acquire positive characteristics, practices and traits.

Civil Service Reforms

There are several management practices that will be highlighted here. Firstly, the primacy of the customer must be the focus of any management identity that aspires excellence. The Japanese attach the ultimate label to the customer, *kami-sama* or god. The customer is described as "A god, no less. An unforgiving one, too." The Prime Minister said recently that civil servants are "not a caste apart or Mandarins whom the people must *kow tow* to in order to procure the service they are supposed to give. The public, that is, the nation, must be served and the public service is there to do just that—to serve the public."

The Civil Servant has recognised the importance of providing service that is customer-driven. Numerous measures have been implemented in this direction. Service counters are being continuously upgraded for the convenience and comfort of the public, counter staff are given training and provided with guidelines. The Client's Charter promising the standards and time frame of services have been formulated in nearly all agencies. Innovative customer services introduced include one-stop payment centres for payment, advisory services and information have been established by numerous agencies. The innovative use of technology has enabled the Government to offer on-line services to the public using computer networking facilities. Good examples of these services are the Public Services Network, the Electronic Data Interchange and the Civil Service Link. The Civil Service has introduced many reform measures in the fields of quality management and productivity, in financial management such as the introduction of the Micro-Accounting System and the Standard Accounting Systems for Government Agencies (SAGA). We are now poised for further improvements in public service management with the decision of the Government that the civil service should strive towards the model of ISO 9000 standards. So, we are now engaged in information mapping, developing the procedures, finding out the requisite standards of services that departments should strive for, and all the certification processes that will move the Civil Service forward towards a distinct management identity. We are preparing the guidelines for the equivalent ISO 9000 standards relevant to the Civil Service of Malaysia.

Civil Service Reforms

To develop a customer-driven identity, Malaysian managers must consciously:

1. be sensitive and understand the needs of the customers;
2. develop a customer base to know the customers and potential customers;
3. constantly evaluate work processes, regulations, systems and procedures to improve the delivery of value to customers; and
4. most importantly, empower frontliners to further delight the customers.

Secondly, the simplest definition of management is "getting things done with and through people." Therefore, a good manager always take into consideration such factors as attitudes and assumptions; individual beliefs and values; aspirations and challenges; and interpersonal relationships and social structure which an employee brings with him to the workplace. This has an inherent influence on motivation, work ethics and performance. A Malaysian manager must, as a prerequisite, be able to recognise and understand the characteristics of a diverse workforce. He must be sensitive to different cultural nuances, beliefs and traditions. He should be able to identify their particular strengths and weaknesses. Only then is he able to bring out the best from his subordinates and harness them into a shared corporate culture, that will not only promote performance and productivity but maintain harmony and goodwill within the organisation.

Thirdly, there has been much concern lately about the many undesirable results due to the lack of accountability and unethical practices in our society. Environmental and ecological destruction, labour abuses, unwarranted price hikes, copyrights infringement and shoddy workmanship frequently make headlines. To quote Kenneth Blanchard and Norman Vincent Peale in their book, *The Power of Ethical Management*, "... everywhere we turn today there are signs of ethical deterioration". But the authors believe that a strong code of ethics and morality in any business in the first step toward its success and that "ethical managers are winning managers". Managing ethi-

cally is not only limited to doing things within the confines of laws, rules and procedures. In management, ethics would involve principles like trust, discipline, accountability, diligence, dedication and other similar noble values. In the corporate world, ethical management will dictate that corporate leaders continuously focus on "conduct becoming of a corporation" and strike a balance between corporate and societal welfare. Making money and profit should not be the sole purpose of businesses. Management's total commitment to the maximisation of profit is an obstacle to achieving higher standards of ethical practices. An adequate corporate strategy must include non-economic goals. Business is part of the social system and we cannot isolate the economic elements of major decisions from their social consequences. Therefore, good ethics must be deliberately propagated. It must be studied and taught in management schools. In organisations, behaviour must be guided by clearly stated code of conduct and ethics. The development of code of conduct within organisations, within sectors and industries, and within professions will snowball towards a management identity where ethical practices become the norm and unethical practices are shunned upon.

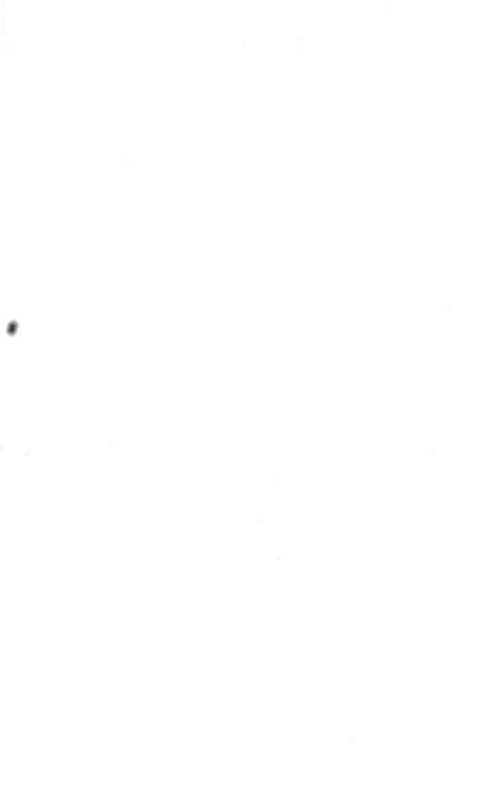
Fourthly, one identity of management from the macro perspective which should be pursued and developed with greater zealousness is enhancing the synergy of collaboration and co-operation between the public and private sector and between management and workers. The ability of managers to form these strategic alliances will go a long way in sustaining the comparative advantage of Malaysia over many other countries. Public and private collaboration is best exemplified by the concept of Malaysia Incorporated. The Civil Service has continued to deregulate and relax rules and procedures to meet changing needs. Miles of red tapes have been cut and this consequently bring out the creative spirit of the business community. The close collaboration between public officials and the private executives, however, must be nurtured within the confines of accepted ethical and moral behaviour to avoid any abuse of power.

The search for a Malaysian management identity is a never ending one. Organisations and the environment in which it operates in is

Civil Service Reforms

never static, so too are the practices that are needed to manage it. The search for a Malaysian management identity will form the platform for which Malaysian managers can strive further in their pursuit of excellence.

An address entitled "The Management Identity", delivered at the Bukit Kiara Golf and Country Resort, organised by the Malaysian Institute of Management (MIM), on November 2, 1995.



Chapter 8

ENHANCING COMPETITIVE ADVANTAGES AND GLOBALISATION

The world at present is an immense borderless market, and the sole boundaries dividing the non nations are geo-political ones. Our world has been shrunk by sophisticated information technology and communications systems. In the economic arena, the developing countries are engaged in fierce competition to obtain production resources particularly investment capitals and markets for the end products. The main concern of our country now is to increase and widen our trade and to attract more investment capital in order to promote further growth of our industrial sector; and also to encourage free flow of technology and information to our country. In the above concept, what is meant by globalisation? It means that our exports are now to be marketed throughout the world; investment capital from all over the world are attracted to our country; and through information technology, our country can be communicated from every corner of the world.

As our country is involved in globalisation namely, merchandise trade and invisible trade, we need to develop and strengthen the existing competitive advantage enjoyed by our country. We are now the 17th biggest trading nation in the world. Our best hope of maintaining or improving this position lies simply in being more competitive. In terms of our manufacturing products, we need to have better product designs, quality products such as can conform to the ISO 9000 standard, more competitive prices, and predictability of supply. In terms of attracting investments, we need to speed up decision-making,

Civil Service Reforms

provide better infrastructural facilities, a business-friendly civil service, and less cumbersome bureaucracy.

The civil service has to be more efficient and effective in this borderless world and highly-competitive global environment. We have civil servants serving both overseas and at home who are involved in this global experience. Our staff in the diplomatic missions have to work in a co-operative spirit with the other economic agencies back home to identify the markets for our products, advise us on the latest trade regimes of our leading trading partners, bring our businessmen in close contact with the importers of their host countries, engage in a hot pursuit the potential investors to our country, and help promote the Malaysian heritage and our other assets to bring in the tourists to our shores. All these require the profile and image of a new breed of civil servants—those who are articulate, polished in their ways, hard-working all the time; the profile of knowledge workers—knowing is more than just knowing; it is also knowing that you know, knowing why you know, knowing what to do with what you know, and then doing it. In other words, we need civil servants who are well-informed and competent.

Civil servants, who are in the frontline or frontier agencies must inculcate in themselves a global mind-set—which means that they must scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve our national development objectives. Our diplomatic missions must provide updated information etc. to all ministries and departments at home without going through the various layers which tend to slow down the flow of information. They must think in terms of serving all ministries and departments, and not purely on the interests of their parent departments or agencies.

The biggest challenge now confronting the civil servants is to provide services which meet the needs of their clients. The standard of service to be offered is not just one that meets the requirements of the customers but rather, exceeding their requirements. Customer service is delighting the customer, that is, exceeding customers expectations whenever and wherever possible. As an example, recently the applica-

Civil Service Reforms

tion was asked to be simplified and any necessary information be collected through the forms to enable a proper decision to be made. Officers are now required to practise micro management, that is, to study work processes, paying attention to details, and stressing on work outputs.

Every ministry and department has also been asked to present to MAMPU two or three administrative processes in which the use of paper can be reduced through the use of information technology, so that we can move towards the goal of a paper-less civil service. The objective of a paper-less civil service is to enable civil servants to perform their specific tasks well, to meet or exceed customer requirements, to complete assignments with no errors, and to make improvements to the procedures by which they complete tasks, so that those tasks can be done better the next time. The introduction of a few paper-less facilities such as the Electronic Data Interchange, the Public Services Network, and databases such as the Civil Service Link, SIRIMLINK, PALMOILS, MASTIC have resulted in the reduction of much paper work, and timeliness in the provision of services, etc. which have contributed to the competitiveness of our country. For one thing, the increasing use of information technology has led to increased productivity and to re-engineering in the process of administration. The inertia of precedence among civil servants is slowly crumbling.

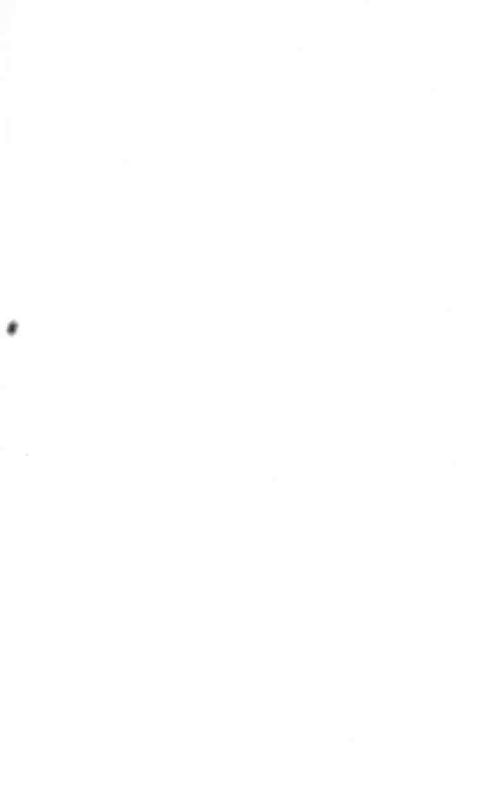
At present, the government is the major user of information technology (IT), and it plans to ensure that IT will continue to be used to upgrade productivity and quality in the civil service. Government departments have now implemented new methods such as image processing, information retrieval systems, electronic data interchange, executive information systems and work flow automation. The wide use of IT in all levels of government administration has helped to modernise public management in the fields of accounting, finance, project management, inventory control and others. The Government has also accorded priority to the usage of IT in the field of R&D. Similarly, schools, training centres, colleges and universities in the use of IT have also been given emphasis. The IT programme on information technology is one of the major programmes under the Sixth Malaysia Plan.

Civil Service Reforms

Among the objectives of this IT programme are to upgrade managerial effectiveness and encourage the availability and accessibility of information. A number of government departments are now able to discharge their duties faster and more effectively by having electronic mail. Today we have seen how technology can help transform interactions with customers. Recent advances in technology, particularly the emergence of client/server systems, are making it easier for companies to give up paper. In Sweden, they are moving towards electronic trading, which reduces the amount of paper-based documentation involved in procurement, purchasing, invoicing routines and payments for goods and services through the replacement of paper with electronic documents.

A speech delivered at the 1995 Civil Service Conference "Excellence in the Civil Service: Enhancing Competitive Advantages and Globalisation," at INTAN on June 22, 1995.

Part III
PRODUCTIVITY AND
QUALITY IMPROVEMENT



Chapter 9

FOSTERING QUALITY CULTURE IN GOVERNMENT

Total Quality Management (TQM) is a management process aimed at bringing about excellence through the continuous enhancement of quality in an organisation. If achieving excellence is our goal, then TQM can be regarded a journey towards it. The basic philosophy of TQM is "Doing the right thing right the first time, on time, all the time; always striving for improvement, and always satisfying the customer" is timely to be implemented in the civil service. By implementing TQM, a department not only can overcome the problem of wastefulness but also increase its performance to the maximum. This can be achieved by improving its performance and efficiency, innovation, productivity, quality of the workplace and introducing products and services which can fulfill or exceed the needs of the customer. There are several features of the quality culture which should be practised by government agencies:

1. Focus on the Customer

Every member in the organisation has to be inculcated with the practise and the culture of pleasing their internal or external customers, especially the latter. In this regard, agencies must know who their customers are and make an effort to provide products or services that satisfy their needs. They should also identify the features of the products which are valued by their customers and formulate suitable quality standards accordingly. They need to constantly obtain feedback from their customers with regard to their performance.

2. **Focus on Prevention**

This objective can be achieved by adhering to clearly laid quality standards for products, work processes and input used. This has to be supported in turn by quality inspection, tracing sources of flaws, and taking remedial action. By practising the principle of doing the right thing right the first time, the output of a department will always satisfy the needs of the customers. Apart from that, wastefulness in the use of resources resulting from flaw or repetition of work, can be avoided.

3. **Focus on Continuous Improvement**

Management should regularly plan and take appropriate measures to improve the work processes to ensure that the quality of the final output is on the rise all the time in line with the increasingly complex needs of customers.

4. **Building a Sense of Ownership among Workers**

This is to strengthen awareness, commitment as well as to instil a sense of responsibility among workers in upgrading quality in their department. This objective can be achieved by creating a sense of togetherness at the workplace; by improving communication between the workers and management; by involving the workers in the processes of problem-solving and decision-making; and by providing training and granting recognition, whenever necessary.

5. **Leadership and Commitment of Top Management**

Top management should be involved directly in upgrading quality and ensuring that the objectives of the department are achieved. The experience of several outstanding departments have shown that their successes are based on the readiness of top management to "learn the talk, and then, walk that talk".

6. **Measurement of Performance**

Management of quality requires support from an effective system of performance appraisal. As such, the departments should formulate a comprehensive system of performance appraisal. For this purpose, the government has released a book

called *A Guide to Formulating Performance Indicators in the Government Agencies*. This book is aimed at assisting government departments to develop performance indicators which are relevant, valid, and suitable for every activity and programme implemented by the department.

The emphasis in TQM is on behaviour rather than attitude, participation rather than observation, measurement rather than assumption, integration rather than separation, multiple approaches rather than one right way, rewarding rather than punishing, motivation rather than apathy, growing rather than stagnating, doing rather than saying, and win-win rather than win-lose outcomes.

The task of bringing about changes in any organisation is not easy. By introducing new ideas, one is bound to face many obstacles and difficulties. There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in introducing a new order of things. What is needed is dynamic leadership from all heads of departments. Government departments should give emphasis on performance and productivity measurements at departmental as well as individual levels. These measurements are necessary to monitor the results of the changes that have been introduced. Without recourse to measurable performance, it would be difficult to monitor the processes of change in order to ensure attainment of the objectives or targets set. An outstanding management guru had this to say: "to improve productivity, you must manage; to manage effectively, you must control; to control consistently, you must measure." Performance measurement is a very important management function for all government agencies. Admittedly, productivity measurement is by no means an exact science. This means that there is no one single universal approach that can be employed at all times and under all situations. Therefore, each government department should formulate its own approach and method of measuring performance or productivity that is in line with its objectives and operations. In measuring the performance of government officials as required in the new performance

Civil Service Reforms

evaluation form, Allah s.w.t. in the Al-Quran, Surah Al An'am, verses 152 and 153, says:

... give measure and weight with (full) justice; no burden do we place on any soul, but that which it can bear, whenever ye speak, justly, even if a near relative is concerned ...

All officers and staff of the civil service should carry out their duties with sincerity and honesty. The most important person to be honest with is yourself. There are no degrees of honesty; you are either honest or dishonest. Government officials who have been given certain authority may encounter situations which tempt them to become dishonest. All men are honest until they are faced with situations tempting enough to make them dishonest. The government also requires officers and staff who truly possess intellectual honesty. What is the definition of a man with intellectual honesty? An honest man alters his ideas to fit the truth, but a dishonest man alters the truth to fit his ideas. No one will ever know of your honesty unless you demonstrate some samples of it. Here, the heads of departments should be good role models. What they say is important. However, what is more important is what they do. Philip Crosby said that: "Teaching people, leading people, showing people, providing tools—everything loses meaning if employers, customers and suppliers feel that management is not working like they talk".

There is no doubt that a person with knowledge always differs in hierarchy and position as compared to a person who is ignorant or lacks knowledge. Realities of life have demonstrated that, in general, those who are educated enjoy a higher socio-economic status compared with those who are uneducated or lesser educated and consequently are left behind in all aspects of life. This subject has been emphasised by Allah Himself in His decree that follows:

... Allah will raise up to (suitable) ranks (and degrees), those of you who believe and who have been granted (mystic) knowledge: And Allah is well-acquainted with all ye do ...

Al Mujaadilah: 11

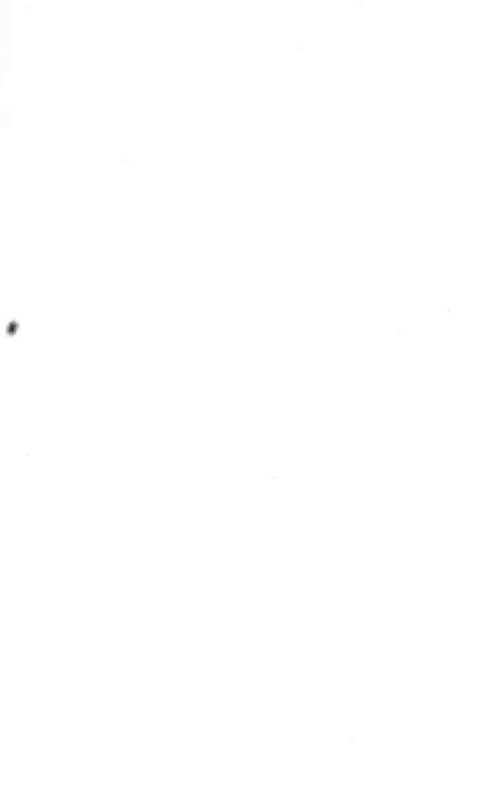
Civil Service Reforms

At the same time the Prophet s.a.w. says:

Those who desire prosperity on earth should attain it through knowledge and those who seek peace in the hereafter should achieve it through study.

It follows that all Muslims should become people of learning and acquire wisdom throughout their lives. This is because Allah has taught and shown them the path to wisdom. A true Muslim does not choose to live in the darkness of ignorance. The value of knowledge in Islam is of great importance. This is an era of information and knowledge explosion. Every second, fresh information and understanding of all disciplines are encountered or obtained. If the followers of Islam do not keep up with these developments, they will surely be left behind. The human mind is like a leaking earthenware; if you don't keep filling it up it will soon run dry.

A speech delivered at the launching of "Q" Day at the Economic Planning Unit (EPU) organised by EPU at the Operations Hall, Implementation Co-ordination Unit, Prime Minister's Department, on December 18, 1993.



Chapter 10

CHALLENGES FOR INNOVATION IN THE CIVIL SERVICE

There are at least two challenges that the Civil Service in all Asean countries must address in the decades ahead. The two most important challenges are firstly, the development of an administrative system that is mission-oriented and has the inherent ability to focus on effective delivery of quality services and products; and secondly, the development of an institutional capacity to promote and sustain a climate of innovation and creativity.

To be mission-oriented, it is imperative that the Civil Service clearly establishes the goals for the performance of the role expected of it. These goals must of necessity be premised on the needs of our clientele. If the *raison d'être* of the Civil Service is the delivery of services to its clientele, then satisfying the multifarious customers needs and conforming to their requirements would ultimately determine its effectiveness. Consequently, the civil service must become more customer-oriented. To be customer-oriented, we must first of all have a clear measurable picture of how our customers perceive quality. The service we provide would be deemed to be of quality only when it exceeds or meets the value-expectations of our customers. The civil service must recognise that we operate in an era where the customer is paramount, and we cannot afford to ignore this or think otherwise.

As such, the civil service must develop a mind-set, which must be characterised by the internalisation of values like timeliness, concern for costs, meeting targets, innovativeness and most certainly, responsiveness to the clients we serve.

The concept of quality management is creating a quiet revolution in the Malaysian Civil Service. The civil service in Malaysia is operat-

ing in a dynamic environment. Civil servants are thus under constant pressure to deliver more services with the prudent use of resources. Civil servants are now asked to analyse and improve their own work processes so as to increase quality, enhance productivity and reduce costs. We are trying to discover what is commonly called "working smarter" in order to gain a competitive advantage in the global marketplace. The civil service should continuously improve the quality of goods and services and meticulously and constantly improve the workplace productivity. Traditionally, we viewed productivity as a function of labour cost, capital and resource utilisation, and technology. Advocates of Total Quality Management (TQM) believe that at its base, improved quality increases productivity and reduces waste in producing, marketing and supplying products or services. Government departments and statutory bodies in Malaysia are adopting the TQM approach, which we have discovered to be a simple but revolutionary way of performing work. We are operationalising the concept, against the background of the following definition of TQM, namely: "total", which implies applying the search for quality to every aspect of work, from identifying customer needs to aggressively evaluating whether the customer is satisfied; "quality", which means meeting and exceeding customer expectations; and "management", which means developing and maintaining the organisational capacity to constantly improve quality. We are inculcating the belief that a passion for quality must be the cornerstone of the new civil service management philosophy. The civil service of Malaysia has identified some unproductive practices. If we can reduce and eventually eliminate these practices, the unsatisfactory ones, and other mistakes, then we can eliminate waste and reduce costs. We have thus introduced the lessons of quality management in the civil service through measures such as the Manual of Work Procedures, the Desk File, the QCC, proper management of meetings and government committees, the use of work action form, the micro-accounting system, the Client's Charter and others.

Some heads of departments may argue that what counts in the end is meeting the productive targets of their departments as they are directed. It is relatively easy to set a numerical productive target, say how

many acres of lands are to be opened, and developed, or how many licences or permits are to be issued, etc. All the management needs to do is to pick a number higher than the year's total and "go for it". The tough-minded manager holds the staffs "feet to the fire" and simply demands performance. Of course, performance can be measured with surrogate measures of productive or performance indicators. On the other hand, TQM requires a more profound and substantial understanding of performance than this. The management must get real information in great detail about all aspects of production. For example, if we are looking at the permit or licensing process, we do not stop at a count of the number of licences or permits issued, or even the average time to issue a permit or licence. Under TQM, we develop a flow chart and measure performance variation at each step. The aim is to develop standard operating procedures for each element in the production process that reduces variation and errors made at each step.

Obviously, for this TQM approach to be successful, heads of departments must facilitate an almost ruthless analysis of the current levels of performance of their respective departments. They must constantly ask and train their staff to ask the following question: what is really happening here? This requires an extreme degree of honesty in appraising performance. This is critical because you cannot rely on improvement as a way of increasing productivity if you do not know how the process occurs. Once work analysis is integrated into an organisation's culture, it is possible to focus on improvement, but first the heads of departments and their staff must learn to define success. What type of changed performance constitutes an improvement? In this context, the government will be issuing the "Guidelines for Establishing Performance Indicators in Government Agencies".

The adoption of the TQM concept is a prerequisite for establishing the "innovative culture" in the civil service. This is because TQM represents the advent of participative management. It is different from what we normally call the "bureaucratic culture", which emphasises structure and process, or the "supportive culture" that befriends the staff. TQM will bring about the "innovative culture" which will help to create a creative, results-oriented, challenging, work envi-

ronment. In an innovative culture, performance is measured, and feedback is important. An innovative culture must necessarily be participative, both real and mainstream. The staff members will accept change if they are involved in the decision-making process where the change is created. This involvement enables the staff members to increase their awareness of the problem, their understanding of the new procedure, and their commitment to its successful implementation. It is a fact that groups are significantly more creative in problem-solving than individuals working alone.

In 1991, a Development Administration Circular introduced the Innovation Award. The underlying philosophy is to create and sustain a climate of innovation and creativity that would unleash the potential of civil servants. Since the inception of this programme, we have been pleasantly surprised by the encouraging response from civil servants. We have been inundated with literally a thousand innovative ideas for improvement, in the areas of technology, work environment, systems and procedures, to name a few. Whilst reward and recognition are basic motivational factors, people have come forth so willingly because we have provided them the opportunity to realise their own potential.

An avalanche of reports in the past decade extracted from the Auditor-General's report, proceedings of the Public Accounts Committee of Parliament and reports in the mass media has made the Civil Service of Malaysia very responsive to the demands for innovation in the delivery of quality services. To a certain extent, these reports undermine the image of some departments and statutory bodies. Subsequently, a series of innovative measures were introduced: the use of new forms in the Management of Capital Assets, Inventories and Office Supplies; Guidelines for Development Project Planning and Preparation; Manual on Micro-Accounting System, and Guidelines on Integrated Scheduling System.

Efforts to improve civil service performance are inseparable from improving public perceptions of government departments, statutory bodies and local authorities. Many of the steps to improve the civil service require energy, resources and trust. All will be in short supply if the public and civil servants begin with cynicism. Securing the public

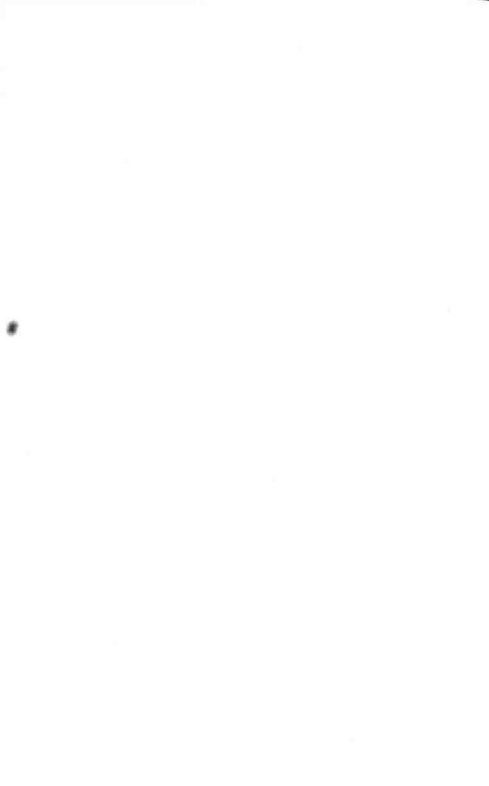
Civil Service Reforms

trust requires a consistent, honest and open communication from government officials. It requires government officials to anticipate the way decisions or actions might be viewed and to explain them fully. It requires admitting senior private sector officials into a working partnership with government departments. Consequently, the Malaysia Incorporated Committee was established; departmental open-days during quality week are held; the private sector is permitted to judge the performance, innovations and reforms undertaken by the government departments. A host of other measures have been undertaken to institutionalise the culture of innovation and reform in the civil service. The annual reports of the Public Complaints Bureau are circulated to members of the public. *The Star* carries an advertisement on the front page with the tagline "Any complaints against government departments?"

Much of the tangle which can impede departmental efficiency can only be removed if the top leadership of the civil service are themselves innovative or entrepreneurial in nature. There are still a few government departments which are encrusted with rules and procedures from an earlier time that are poorly matched to today's problems. Improved government management will require the development of new tools better suited to today's problems. It is only through innovations that we can discover these new tools.

Developing a supportive organisational culture and incentive system is a prerequisite to encourage innovations or improvements. It is important to provide a reward even if the pay-off will occur months or years later. We recognise that providing material rewards to top performers and successful work teams is sometimes difficult in government departments. However, we have deployed a variety of resources in the form of incentives, such as public recognition and simple expressions of gratitude.

A speech delivered at the closing of the 7th Asean Conference on Civil Service Matters at the Awana Golf and Country Club, Genting Highlands, on October 1993.



Chapter 11

MOMENTS OF TRUTH

The moments of truth in our Civil Service are multitudinous and multifarious. Given the vast array of services rendered by the civil service to an equally diverse set of constituents, the pace of the moments of truth is fast and relentless. Each and every encounter the civil servant has with the customer is indeed a moment of truth. What are some examples of those moments of truth? Serving a citizen in processing his travel documents, discussing policies and programmes with an elected representative of the government, providing a technical or an advisory service to a farmer or fisherman, and providing information to a potential foreign investor represent moments of truth for the Civil Service. Each occasion is a moment of truth simply because it is a crucial point of evaluation for the customer as to the *raison d'être* of the civil service as an institution. The impressions formed at these crucial moments, and many, many others throughout the length and breadth of the nation, each and everyday, contributes to the sum total image of the efficiency, effectiveness and accountability of the civil service.

How can one ensure that the service provided by a plethora of agencies at all levels of interaction in the civil service is of consistent quality? How can one ensure that each and every encounter is turned into a moment of value for the customer? Most certainly, the acid-test of each moment of truth is whether the service provided is of value to the customer in that it met the needs of the customer at that point in time. The favourable or unfavourable image of the entire civil service thus rests on the aggregation of these critical moments. The crux of the administrative problem is ensuring consistency in the quality of each and every moment of truth.

Civil Service Reforms

Here the importance of establishing quality contact between the customer and our civil servants who serve the customers directly (often referred to as our frontline employees) needs to be highlighted. These contacts are termed as the "moments of truth" by Jan Carlzon and he has described those crucial moments that will ultimately determine the success or failure of an organisation. Our public sector strongly upholds this view and has taken initiatives to ensure those "moments of truth" would create and uphold the good image of the government. We have introduced guidelines for quality counter services whereby the government agencies are required to provide the necessary facilities so that the customers can wait in comfort. Proper directional signs, guides pertaining to the forms used, procedures, work flow and processes are prominently displayed for the convenience of customers. In addition, the government has also provided training to ensure that the counter staff are well informed and courteous. Through the Public Services Network and the One-Stop Payment Centres, the government is able to improve the quality and efficiency of counter services. The Public Services Network and the soon-to-be-launched Civil Service Link are two administrative reform measures. These two initiatives constitute the electronic delivery of information and services, and to facilitate electronic commerce. The public services network is a facility which enables a few government agencies to offer their counter services on-line to the public using the computer and network facilities of the post offices. Currently, two types of services are offered by 49 post offices, namely, the renewal of driving licences and the renewal of business licenses. The target is to provide these two and a few other services in a network of more than 500 post offices throughout the country. The Civil Service Link is an information centre designed for the needs of the private sector, and the information will include the procedures in obtaining permits and licences, taxation rates and others. It is hoped that the Public Services Network and the Civil Service Link will develop, evolve and later converge into a cohesive infrastructure to support the provision of "one-stop non-stop" service to the public and enable electronic commerce in the future.

Civil Service Reforms

Strategies were planned when introducing many programmes to enhance the quality and productivity before we introducing the Circular on Client's Charter. The Manual of Work Procedures, Desk File and Work Action Forms to be used in the files of government departments were instituted to enhance the work performance of civil servants. We have initiated the implementation of Quality Control Circles. The Civil Service Link will be launched soon to provide for better delivery of information to our customers. All these programmes were initiated to ensure that we have the necessary structure, systems and the quality culture to accomplish the aims of the Client's Charter. The biggest challenge is to instill quality culture in an organisation. Quality culture involves the mind-set of being customer-oriented, willingness to listen and understand the needs of the customers, cost consciousness, doing the thing right the first time and the quest for continuous improvement on the part of employees of the organisation. Therefore, there is a need to rally all civil servants to work towards fulfilling the quality assurances given to our customers. The implementation of the Client's Charter is being closely monitored. To date, at least 272 government agencies have formulated and publicly declared their respective Client's Charters.

Traditional management wisdom dictates that all work must be broken down into its basic tasks and assigned to an individual or group of specialists. This principle of division of labour and specialisation has served both governments and corporations in the past. However, today where quality, service, speed and cost are the primary measures of performance, this principle is increasingly becoming eroded. To create value for the customer, the focus of management has to shift from tasks to the processes involved in delivering the final product or service to the customer. This ultimately determines the success or failure of any organisation. To be process-oriented, management needs to rethink the way things are currently organised. Firstly, the structure of organisations has to change. Departments and divisions have to change from functional units to process teams, resulting in flatter, less hierarchical organisations. Secondly, workers will have to be given greater autonomy to make decisions on the spot, having to refer less up the hierar-

Civil Service Reforms

chical chain. Employees need to be empowered to take charge of the performance expected of them. Thirdly, management has to become less command- and control-oriented; managers have to change from supervisors to coaches. Managements role has to be one of facilitating the processes, and supporting the process teams.

A speech delivered at the opening of the seminar "From Moments of Truth Towards the Age of Paradoxes: Winning the Customer's Resolution" at the Dewan Merdeka, Putra World Trade Centre, Kuala Lumpur, on June 6, 1994.

Chapter 12

GOING BEYOND EXCELLENCE THROUGH QUALITY

The quest for continuous quality improvement in both the public and private sectors is one and the same. In the public sector, government agencies are required to introduce and implement TQM. To nurture TQM to success, there is a need for top management to focus on what needs to be done to make quality happen. The quest for quality has to be planned and a number of critical factors and prerequisites need to be in place.

Firstly, leadership is the key to the implementation of any change programme. Effective leadership and top management commitment and support are critical to the success of any organisation's quest for quality improvement. Dr J.M. Juran, one of the world's leading exponent on quality, has been quoted as saying "the most frequent reason for the failure of quality programmes is the failure of upper management to have personal involvement in the programmes." Dr Juran goes even further to stress a CEO's involvement in the organisation's quality improvement programme by stating that if there is a quality council in the organisation, the CEO should personally sit on it and actually chair it. The top management should be obsessed with quality improvement. It's not enough for them to lend their name to the TQM cause by being advisers of quality councils. They should show their commitment, lead by example and be the epitome of a practitioner of quality management. The Prime Minister has said, "Quality involves everyone. No one has a right to demand quality of others who does not himself produce quality."

Those who are entrusted with the task of implementing TQM should strive to emulate these "masters" who have demonstrated the

power of their hands-on leadership style in changing the direction of an organisation.

Secondly, to ensure the success in the implementation of TQM, effective communication is essential to ensure the common understanding of each organisational member's respective role and responsibility. While the apparatus for communication has developed tremendously, misinterpretations occur which may be construed as a causal factor in ineffective communication. During top management meetings, decisions may be made by consensus. Though this may be an effective method of decision making, problems do arise when the decisions are conveyed to implementors. Decisions will be subjected to interpretations and perceptions and consequently, the implementation does not reflect the actual decisions made. In any kind of administration, be it governmental or business, problems created due to miscommunication are serious and can derail the implementation of any decision. One of the methods that we should adopt to avoid miscommunication is by repeating instructions given, thus confirming the message conveyed.

There needs to be a constant stream of communications to promote a heightened awareness of TQM. In addition, a system of follow-up and follow-through should be established. An effective monitoring system provides fast and accurate feedback to top management, providing early warning to potential implementation problems and providing opportunities to take corrective actions and make adjustments.

Quality projects are projects which are completed in accordance with specifications and within the stipulated time frame. To ensure delivery of quality projects, a civil service manager must have a proper reminder system to remind him of the tasks that he has to undertake daily to achieve the stipulated completion date. Managers need to have an effective reminder or early warning system to constantly alert them that certain actions must be undertaken fast as the date of completion is a few days or weeks away.

The reminder system alerts the manager of the activities he must complete or the tasks he must perform on or before a certain date. Reminders on the completion date itself is not sufficient as it would leave

us completely helpless when reminded that today is the completion date and we have not taken any action—and certainly can't do anything at all because there is just no time. The reminder system is also aimed at inculcating a culture where civil servants plan in detail the daily tasks that needs to be undertaken, i.e. "Things to Do Today" or "Today's Objective". With such a system, civil servants would be able to complete all assignments on time and everytime. Where he finds that he is unable to meet certain targets he knows he must see his supervisor for the necessary help so as not to miss completion dates.

At present, there are various means employed to facilitate the implementation of a reminder system. Regular meetings of heads of departments and secretary-generals are held to solve problems and provide feedback on the implementation of decisions; the "Morning Prayer" to monitor and iron out problems related to the progress of implementation of government decisions; the KIV or "Keep in View" system to remind us that certain actions need to be taken on certain dates; and the diary system to help record our appointments and meetings. This must be extended to include detailed work planning.

Managers are advised to have a reminder system at the ministry, departmental and individual levels. The reminder system could be in the form of a bar chart or monthly planner displayed conspicuously at strategic areas in the ministry or department. At the individual level it could be a monthly, weekly or daily planner or just a simple diary which must be on the desk. The individual officer must refer to it first thing every morning. The whole idea here is to have a constant reminder to the ministry, department or individual on the tasks that need to be done everyday. Once this system is fully implemented, there will be no room for excuses. This would lead to improved timeliness and reliability in public service delivery.

An electronic organiser could also be utilised as a reminder system. Here, the manager could key in all the tasks that needs to be undertaken on certain dates and also programme an early warning system. The manager could refer to the organiser everyday and also key in the programme or the task undertaken. If he is behind time, the programme would provide an early warning in the form of a message or a

bleep. The manager then has to bring himself back to the predetermined work schedule.

Thirdly, if we are to meet up to the high demands and expectations of today's sophisticated customers, the focus of TQM has to shift from a task to a process orientation. We should organise work around processes that create value for the customer.

By process is meant a combination of a series of activities using various types of inputs such as man, machine, material, method and information to create an output that is of value to the customer. This focus on processes includes identifying the processes involved, improving on the processes identified or reinventing the processes if necessary. Failure to do so has been the cause of many of the ailments that plague organisations such as delays, mistakes, unjust and illegal practices and poor enforcements of rules and procedures.

An organisation can only deliver products and services of a high quality if it has efficient work processes. Special attention must be given to critical and strategic processes.

Fourthly, the need for a formal structure to implement a quality improvement programme needs to be emphasised. Quality Control Circles provide the vehicle to exact commitment, assign responsibility, empower people to act and to hold them accountable for the success or failure of TQM. The QCC is a proven tool that elicits commitment, empowers and provides a sense of membership and ownership to workers at the lower level.

The test and proof that quality has happened lies in the words of Jan Carlzon, the Chief Executive of Scandinavian Airlines, as the "Moment of Truth" which is the point where the customer meets the services provided; a point where the quality of the service to the customer is judged by the customer. To ensure that this moment of truth is a pleasant one, where the needs and expectations of the customers are constantly met, an organisation needs to develop clear strategies in line with its customers' constantly changing needs and ensure that the quality of service is customer-focused. Customer-focused service strives for continuous improvement and listens and empathises with the needs of the customer.

Civil Service Reforms

The civil service is now undertaking a study of forms currently used. This is to assess whether the information in the forms is fully utilised in decision making. There have been complaints that agencies frequently fail to identify the relevant information required for decision making. In other instances, agencies have collected more information than needed or information repeatedly requested. As a result, there have been delays in government transactions causing customers to complain. It is expected that this study would streamline forms and information collected by agencies leading to more rational and transparent decision making.

Government departments are required to formulate and implement the Client's Charter. With the Client's Charter they are able to demonstrate in no uncertain terms their commitment towards assuring customer satisfaction. A Client's Charter is a written commitment made by a government agency to its clients (including its stakeholders) on the standard of outputs and services provided. The pledges made in the Charter demonstrate the agencies' commitment to provide quality services according to the quality standards required by their respective clients.

The Client's Charter has several benefits. Firstly, the customer will be assured of getting good service as proclaimed in the Charter. This assurance would increase the confidence of a customer on the competence and quality of service of an agency. Secondly, the quality standards expressed in the Charter would also reduce uncertainties, hence facilitating a smooth transaction. Thirdly, a customer can make use of a Charter to compare and evaluate the performance of an agency with another. In this way, the customer will be able to distinguish whether the quality of the service rendered is acceptable or not. Finally, the quality standards stated in the Charter can also be used as a source of reference for complaints by customers. In this way the complaints become more explicit, specific and objective, thus improving the effectiveness of the services delivered.

To date, a total of 238 government agencies have formulated and implemented the Client's Charter. The Prime Minister has recently reminded government departments and agencies to fulfill the pledges in

Civil Service Reforms

their Client's Charter in order to win the trust and confidence of the public. He also said that the pledges should not become mere slogans which would cause the people to lose faith in the sincerity and efficiency of government departments. Therefore, Heads of Departments have to ensure that they are capable of delivering those services as promised in the Charters. In addition, being hands-on managers, they have to be directly involved in monitoring the implementation of the Client's Charters to ensure that all pledges are fulfilled.

In the event that an agency is unable to meet the quality standards as stipulated in the Charter, it is important that service recovery actions be activated. Service recovery can be defined as a process consisting of a series of planned actions to regain customers' confidence as a result of service failure. Service failure may occur as a result of a number of factors such as faulty equipment, poor design of processes in service delivery, unskilled workers, complicated work processes, introduction of new services, and unexpected increase in demand for services.

Guidelines are being given on Service Recovery System, which contain detailed explanation on the concept of service recovery. It will be a useful source of reference on how an effective and planned service recovery mechanism can be instituted in government departments. A good service recovery mechanism will further enhance the implementation of the Client's Charter. The implementation of a service recovery system by government departments represents another commitment of the government to continuously provide quality services to the people.

A speech delivered at the National Quality Exposition held at Hotel Istana, Kuala Lumpur, on June 30, 1994.

Chapter 13

MAKING QUALITY HAPPEN

An organisation is seen as a microcosm of society which is largely pluralistic and heterogeneous. A pluralistic approach to society is premised on the existence of various players in the system. These players possess their own sets of objectives, needs and priorities. Similarly, an organisation, when viewed from this pluralistic approach, also possesses various players. These players are both internal and external to the organisation. Internal players include top management, employees, stakeholders and in-house unions while external players include customers, suppliers, national unions, competitors and the government. These players will, individually or collectively, to a greater or lesser extent, have an impact on the performance of an organisation.

In the present day context, no player has a more profound effect on the organisation than the customer. A quality organisation is one that treats its customers as the most important player and focuses its improvement efforts on customer needs and perceptions. Ironically, this was not the case in the past where the customer was often overlooked. This was the case of companies which practised a "product-out" approach where important decisions on products and services such as the design, functions and pricing of the products or services were independent of what the market wanted. These organisations perceived quality as fulfilling their own internal standards which may well be off the mark from the requirements of the users of such products or services. In the case of government, we may be familiar with the bureaucratic cobweb of rules and red tape where the concept of customer satisfaction was not the paramount objective in the past.

Quality programmes initiate new ways of thinking about work and organising the activities of employees. Out of all the internal players that an organisation has to pay attention to, employees pose the greatest challenge. To be able to satisfy customer needs, the organisation has to harness the support of its employees. Employees are the people who often come into personal contact with customers on a daily basis, especially in service organisations. This can present both a challenge as well as an opportunity for increasing customer satisfaction. Grand promises and announced policies of guaranteeing customer satisfaction are of no use if the very people who are responsible for serving the customers do not share that promise. We must not forget that we cannot run away from the moments of truth and that they always prevail when customers come face to face with the frontline employees at a counter, sales representatives, or even managers. The customer only believes what he personally experiences. This can put some pressure on the frontline employees.

As the human factor is so important in the organisation, an important task for the organisation would thus be to find out the needs and behavioural patterns of its employees and then undertake an exercise of culture building to instill the types of values and beliefs that would support a quality culture such as concern for customer satisfaction, timeliness, zero defect, quality audit and customer feedback. If we want our employees to treat customers with care and patience, emphasis on such characteristics have to be built into the employees' performance appraisal and recognition systems. Recognition is the key to shifting from an organisational structure that rewards the wrong things to one that taps into people's inner motivation. Eventually it will be able to influence employee behaviour in the direction supportive of a quality culture.

In addition, employee support can be obtained by encouraging employee participation and involvement in quality improvement efforts and problem solving. As a Chinese proverb says, "Tell me and I'll forget; show me and I may remember; but involve me and I'll understand." Employee participation can be encouraged through quality control circles, work teams, quality improvement teams and others.

Civil Service Reforms

When people work in teams, a mental synergy starts occurring, and ideas rapidly bounce off one another. When knowledge comes together, one person can pick up on what another says and add his insights and as a result, he gets ideas and solutions that people working in isolation could never come up with on their own. Guidance from top management is however very important to ensure that such activities fit into the corporate strategy of the organisation. These quality activities cannot stand on their own but rather have to support the strategic direction charted by top management. These teams have to learn to tackle improvements which are vital to the success of the organisation.

Empowerment is another new area that has its merits in the quality movement. When employees are expected to play an active role in the evolution of a quality organisation, they have to be empowered as well. Empowerment is shared decision making where members at the lowest levels of the organisation make decisions that improve organisational performance. Robert Waterman, Jr. calls it "directed autonomy". It is a management style which combines the boss's need to be in command (setting the boundaries) with the employees' need for individuality (allowing them to make decisions at the operational level because they know the job better). Empowerment therefore means that authority and responsibility are given to the employee who makes the decision at his level. However, employees must be truly prepared to be empowered. This can be done through training and upgrading of skills and knowledge.

The key to quality service is whether or not the employee feels committed enough to the organisation to extend his personal effort. If he feels that he is a respected member of the organisation, understands and shares the organisation's vision and goals, and is involved in the continuous improvement of the organisation, he will make that extra effort in his work. When every employee is involved in improving quality, leaders emerge at every level. Supervision becomes unnecessary. Self-management and ability to work independently will result. However, this requires employees to know what is expected of them, to know that the organisation cares for them to possess the resources to do the jobs and to know they have the authority to act.

Top management must provide the leadership in quality management. The role of top management in making quality happen cannot be delegated nor abdicated. This is because quality has to be deliberately planned and carefully executed. It does not happen by chance. However, in implementing all these actions, top management must demonstrate its sincerity. Sometimes it is not what you do but how your actions are perceived by others. Top management may show its sincerity by adopting more open communication and by breaking down old barriers, whether imposed by the hierarchy or the leadership style.

Competitors are a significant group of players worthy of consideration. Being aware of your competitor's strategy, *modus operandi* and activities would go a long way in enabling your organisation to formulate appropriate counter-strategies and plans which would put it above that of your competitor. For example, the Japanese corporation is well known for its preoccupation with its competitors. It would rather face the risk of low profits than falling behind a competitor as this means profits will never materialise. This preoccupation is one of the competitive fundamentals of the Japanese corporation. Its objectives are to be better, and if not better, be different. Being better means having better, or at least equivalent products. Being different means finding a niche that is out of the mainstream of competition.

One very useful tool to bring about continuous improvements in quality is through the mechanism of quality control circles (QCCs) or other problem-solving groups. These are useful mechanisms to improve process capability or to correct processes which had caused defective products or services. Besides solving problems and improving quality, such mechanisms also serve to encourage and increase employee participation, people building, creativity, morale and a sense of belonging. Their advantages are enormous. They will work if the organisation believes that employees are an endless source of ideas on how to improve work processes. As they have wide experience working with various processes, they would have some good ideas about what's wrong and what needs to be changed so that the processes can work better. Each employee possesses special knowledge, skills and intellec-

Civil Service Reforms

tual ability which may be applied to the work process. With the formation of such teams, the responsibility for quality goods and services is seen as a shared team effort where each member of the team is equally important.

Participation in QCCs or any other problem-solving groups increases responsibility and when this happens, employees' sense of ownership and commitment also increases. This makes them interested in their work and make them operate beyond their potential. QCCs and problem-solving groups present a systematic and organised approach to problem-solving. Team members can make use of the various problem-solving tools to scrutinise work processes, reduce redundancies and improve current operations. Participation in these teams offer personal growth, involvement in the decision-making process, gives employees better control over their work, fosters better relationship with superiors and peers, and creates an atmosphere that is conducive to innovation and creativity.

Success does not arise out of policies, strategies and programmes alone but more importantly, out of implementation. Policies, strategies and programmes have to be put into practice and this is done by instituting the appropriate structure and systems, and mobilising the people to participate actively and effectively to achieve the objectives desired. Training plays a very big role in making quality happen. It creates awareness and increases understanding and appreciation of quality initiatives. Training also helps employees understand how the organisation and its business processes operate. Understanding the sequence and interaction of the organisation's functions such as design, manufacturing, sales, marketing and service will enable employees to understand better how their work contribute to organisational success and how quality improvements benefit the organisation. It also breaks down barriers across functions and departments and lead to greater teamwork. Training, supported by an environment where all processes and systems are aligned with quality efforts, will facilitate the desired behavioural change and bring about a new culture of "customer first".

Top management must be visibly involved in quality activities while middle management must be supportive of such efforts and be

Civil Service Reforms

able to provide "hands-on" assistance because employees generally focus on those areas which are emphasised by their immediate supervisors. If the supervisor places no importance on quality, quality will not be implemented.

An address delivered at the Asia-Pacific Quality Control Organisation (APQCO) Conference at Hotel Istana, Kuala Lumpur, on August 8, 1994.

Chapter 14

TOTAL QUALITY ORGANISATION

Dr Thomas J. Barry's *Total Quality Organisation: Balance and Harmony for Excellence* is another valuable addition to his three other books on quality and excellence written by Dr Barry. Dr Barry is also a prolific contributor of many articles worldwide. With IBM Corporation alone he has had over 20 years of experience in staff and line management. He has also been an international keynote speaker to over 90,000 executives and managers around the world on the topic of Quality Improvement, Strategic Planning and Motivational Environment. It was Calvin Coolidge who said of "reward" as follows: "No person was ever honoured for what he received. Honour has been the reward for what he gave."

Dr Barry has shown keen interest in our continuous efforts to promote quality and productivity improvement in the civil service and we appreciate his co-operation. The last occasion he shared his experience and wisdom with us was in October 1994 when he conducted a seminar on "Strategic Planning for Total Quality Management in the Public Sector" to a group of our senior civil servants.

It is a well-accepted fact that we cannot take quality for granted but rather make it as a conscious habit and attitude of life. In the context of intense competition in this modern world, there is no other choice but quality as an important element towards continuous improvement.

Over the last few years, the Malaysian civil service has introduced various programmes to bring about quality improvements. Total Quality Management (TQM), the Client's Charter and Service Recovery System are all aimed at increasing customer satisfaction. TQM

Civil Service Reforms

was introduced on the premise that there is always room for improvement and that we should always be striving for continuous improvements. This means that the standard of excellence to be achieved is an on-going process. With the implementation of TQM, we are now clearer as to who our customers are, what their requirements are and how best we can produce and deliver our products and services to keep up with their changing needs.

The Malaysian Civil Service is well aware that the foundation needed for the successful adoption of TQM calls for the establishment of a quality management structure to ensure institutionalisation of quality. Thus, we have witnessed the setting up of the Quality Steering Committees, Quality Task Forces and Quality Work Teams. It is indeed heartening to note that a number of organisations have taken the initiative to establish additional structures to suit operational requirements. For example, the Ministry of Agriculture has introduced two new structures, that is, the Quality Service Unit and an Inspectorate Team. The Quality Service Unit is responsible for co-ordinating, monitoring and taking follow-up actions to ensure the successful implementation of quality improvement efforts. The Inspectorate Team, on the other hand, is entrusted with the responsibility of carrying out inspections and identifying quality problems faced by the Ministry.

An integral part in ensuring the success of TQM is the stress on efficient work processes. Efficient work processes ensure that work is done smoothly and that outputs conform to set standards. Most of the quality problems faced by an organisation are systemic in nature. These problems arise as a result of defects in the systems or work processes. Many agencies have undertaken various measures to strengthen their respective work processes such as restructuring of processes, process reengineering, or eliminating certain aspects of the processes. For example, the Ministry of Home Affairs has improved the process of recruiting expatriates and this has expedited decision-making and approvals. As a result, waiting time has been reduced from four months to three weeks. This improvement has been recognised by investors who recruit foreign workers and expatriates.

Civil Service Reforms

The litmus test on the successful implementation of TQM is to what extent an organisation is able to deliver quality services to its customers and whether these services conform to the standards set. Organisations show their commitment by ensuring that customers are at all times satisfied with the services received. Thus it is important for organisations to think of producing new products that are creative and innovative as well as improving and providing value-added products and services. Government agencies at all levels are being made aware of their responsibilities to their customers.

The strength of an organisation lies in its value system. Values dictate the behaviour and thinking of organisational members in line with the objectives of the organisation. Adherence to these values will nurture a disciplined, ethical and motivated workforce. The value system adopted also plays an integral role in decision-making, in interacting with the environment and in resolving conflicts. As such, efforts to assimilate good values, work ethics as well as discipline in the civil service is a continuous process. In other words, we must continuously strive to institutionalise a strong value system in our organisations. Among the values concerned are basic personal values such as trust, responsibility, sincerity and dedication, and professional values such as knowledge, ability, creativity and accountability.

Good books are essential for society's development. In the government and the private sector, there are hundreds of organisations, departments and companies which need to be managed well. Good management books are essential for generating ideas as well as for training purposes. A book is considered good when it is opened with expectation and closed with delight and profit. Dr Barry's *Total Quality Organisation: Balance and Harmony for Excellence* is such a book.

A speech delivered at the launching of the book, *Total Quality Organisation: Balance and Harmony for Excellence*, by Dr Thomas J. Barry, at Banker's Club, Amoda Building, on May 6, 1995.



Chapter 15

THE PUBLIC SERVICE AND ISO 9000

The Public Service is now taking a bold step by seeking to adopt another internationally well-received administrative practice namely the ISO 9000 series of standards to further enhance the quality of its management practices. ISO 9000 is an internationally recognised series of standards that specifies in detail good management practices for delivering quality goods and services to customers. It provides a comprehensive system of checks, controls and inspections at every stage of the work process so as to ensure consistency in the quality of the goods and services produced. This series of standards improves operations by such methods as restructuring and eliminating non-value-added activities such as rework, excessive inventory, queues, unnecessary handling, duplication of effort and inefficient activities.

Under the ISO 9000 series there are five standards: ISO 9000, ISO 9001, ISO 9002, ISO 9003 and ISO 9004. Two of these standards, ISO 9000 and ISO 9004, are guidelines for understanding and selecting elements for the quality management system. The other three standards, ISO 9001, ISO 9002 and ISO 9003, are models for quality assurance.

The ISO 9000 series of standards provides a comprehensive framework to develop and implement a quality management system in an organisation. The framework is made up of twenty elements, all of which are crucial for establishing a quality management system in an organisation. An examination of the role played by some of the elements will throw further light on the functioning of the ISO 9000 series of standards.

Civil Service Reforms

The element of management responsibility delineates the role that is expected to be played by top management. This element mandates top management to define and execute its quality policy. The quality policy should address issues such as acceptable quality levels and the strategy for achieving these levels. Top management is also required to define the responsibility and authority to be vested with all employees whose work affects quality. The objective here is to organise the resources in such a way that the work is carried out by people who understand what to do, how to do it and how to deal with one another.

The ISO 9000 series of standards is premised on the principle that change is constant and therefore there is no such thing as a perfect quality system. Accordingly, management is required to constantly review its quality systems to ensure its continuing suitability and effectiveness.

Another key element is the establishment of an adequate quality system. This element essentially comprises of a set of procedures and standards which provides for the creation of a more structured and uniform work system so as to ensure products and services are of consistent quality. The concrete feature of this element is the preparation of Quality Manuals, Procedure Manuals and Work Instructions.

Contract Review is one other element in the ISO 9000 series of standard which seeks to establish a system for ensuring a common understanding between the organisation and the customer. Performing the contract review ensures that customer requirements are adequately defined and understood and are within the capabilities of the organisation. Documentation comprises a very crucial element in the ISO 9000 series of standards. This element stipulates that all requirements and provisions adopted by an organisation for its quality management system should be documented in a systematic and orderly manner. It should also include adequate provisions for the proper identification, distribution, collection and maintenance of all quality documents and records. Such documentation would enable a common understanding of quality policies and procedures.

Process control is another important element of the ISO 9000 series of standards. This element specifies that management must iden-

Civil Service Reforms

tify, plan and control all processes which affect quality. Every person involved with the process must have a clear set of work instructions, a method to monitor the process, the ability to approve the result of work executed and the knowledge of the criteria of a successful product or service. In short, each person must know what to do, how to do it, when it is done correctly, and what to do if something goes wrong.

Inspection and Testing is one other element in the ISO 9000 series of standards. It is performed on incoming material, in process or final product. The organisation shall establish and maintain documented procedures for inspection and testing activities in order to verify that the specified requirements for the products and services are met. The organisation shall establish and maintain records which provide evidence that the product has been inspected or tested.

The element relating to control of non-conforming product under the ISO 9000 series of standards requires an organisation to identify, segregate, evaluate, document and properly dispose off non-conforming products. Methods of identifying non-conforming products include permanent markings, codes, labels, tags and stickers. Control over non-conforming products reduces quality risks as it prevents them from being processed further. The ultimate aim is to prevent the non-conforming products from reaching the customer.

Under the element of Corrective and Preventive action as embodied in the ISO 9000 series of standards, the organisation is required to establish and maintain documented procedures for implementing corrective and preventive action. The implementation of corrective actions begins with the detection of a quality related problem and involves taking measures to eliminate or minimise the recurrence of a problem. On the other hands, procedures for preventive actions will include the use of appropriate sources of information such as audit results and customer complaints to detect, analyse and eliminate potential causes of non-conformities and determine the steps needed to deal with these non-conformities.

The element of Internal Quality Audit in the ISO 9000 series of standards seeks to verify that the quality system is functioning according to plan and also to determine its effectiveness. Trained and quali-

fied internal auditors having no direct responsibility for the activities being audited shall be assigned to carry out the internal quality audits. The results of the audit must be documented. The summarised audit report forms part of information used by management to assess the effectiveness of the quality system.

The training of personnel whose work affects quality is another important element of the ISO 9000 series of standards. The organisation must provide suitable training to ensure that all relevant personnel can perform their work satisfactorily. Training records must be maintained to provide effective evidence that the personnel carrying out a specific task have been trained or have the required experience.

Apart from the above elements described, there are another ten elements which together constitute the total group of twenty elements. These remaining ten elements are design control, purchasing, control customer-supplied product, product identification and traceability, control of inspection, measuring and test equipment, handling, storage, packaging, preservation and delivery of products and services, control of quality records, servicing and statistical techniques.

The discussion of the elements so far clearly illustrates the two-fold purposes served by the elements in the ISO 9000 series of standards. Firstly, the elements focus on all the crucial areas that need to be addressed if an organisation wants to establish and implement a good quality management system. Secondly, each element spells out the quality requirements in that area in great detail so much so that nothing is left to chance and every detail is taken care of. It is this minute and detailed listing of requirements that holds the key to the universal success of the ISO 9000 series of standards. By conforming to these elements any organisation can achieve the goal of implementing a quality management system successfully. These two advantages of the ISO 9000 series of standards give it a distinct edge over other quality systems which are neither so comprehensive in their breadth of coverage nor so detailed in their specifications.

Is the public service of Malaysia in a position to adopt the features of the ISO 9000 series of standards? The administrative reform efforts undertaken so far in developing a customer-oriented public service

Civil Service Reforms

have already laid the groundwork for the civil service to adopt these standards. These reform efforts encompass initiatives such as the preparation of Quality Manuals, Manual of Work Procedures, Desk File, Client's Charter, Service Recovery System, Checklists, Quality Control Circles, Feedback Systems and the System of Recognition and Rewards.

The ISO 9000 series of standards will help government agencies to develop a more uniform and internationally recognised quality management system. Attaining this standard will mean that the Malaysian Civil Service will be taking another significant step to achieving total quality management. Over 700 companies in Malaysia have secured ISO 9000 certification. The primary concern of these companies in securing this standard is to satisfy the growing expectations of customers for quality goods and services at competitive prices. Likewise, in the Public Service the adoption of these standards will ensure greater satisfaction of customer requirements through the introduction of a more structured management system.

As part of the programme to introduce ISO 9000 series of standards in the Malaysian Civil Service, efforts are already under way to develop detailed guidelines for the equivalent ISO 9000 series of standards relevant to the public service. Once these guidelines have been developed, a comprehensive training programme to create awareness as well as to impart the necessary knowledge and skills to the civil servants will be conducted.

The creation of a culture of excellence in the Malaysian Civil Service requires both the inculcation of the right values and the adoption of sound administrative practices. In both areas, the Public Service has made significant progress. The proposed adoption of the ISO 9000 series of standards in the Malaysian Civil Service will further put this venerable institution as among the most competitive in the world.

A speech on "Management Values and Good Administration Practices for Vision 2020," delivered at the Malaysian Institute of Management (MIM), Jalan Ampang, Kuala Lumpur, on December 12, 1995.



Part IV
INFORMATION TECHNOLOGY



Chapter 16

THE ELECTRONIC INFORMATION CENTRE

There is now widespread consensus among leaders, both in the government and business, that the world is now entering the "information era". In this era it is information that will be the principal building block of organisations as observed by Peter Drucker:

... the typical business will be knowledge-based, an organization composed largely of specialists who direct or discipline their own performance through organised feedback from colleagues, customers and headquarters. For this reason, it will be what I call an information-based organisation.

In the information-based organisation, managers must do more than just manage the traditional resources of money, materials and people. They must view information as a critical fourth major resource and practise information resource management. The fundamental objective of practising information resource management is to ensure that the right information reaches the decision maker at the right time in the right form. This objective can only be achieved in the complex present-day world by the judicious use of information technology. Only organisations which are able to utilise information technology effectively will be able to use information as a strategic resource.

Managing an information-based organisation will pose enormous challenges to top management as the traditional way of managing will become obsolete. The principal challenges will be:

1. a significant percentage of staff will comprise knowledge workers. This group of workers will not be amenable to an

Civil Service Reforms

- authoritarian, directive style of management that many managers are used to. Consequently, the task of senior management will be to shift to a more participative management style where they must take on the role of cheerleaders and coaches;
2. as information technology expedites the vertical and lateral flow of information, the position of middle management will become an issue. Hierarchy will give way to flat structures where the present system of authority centred at the apex of the pyramid will no longer be tenable. Management will have to learn to devolve greater authority to frontline staff;
 3. with flat structures, top management will be compelled to have a much greater span of control. This in turn will pose the problem of maintaining effective control and co-ordination so that performance standards will not deteriorate. Management will have to utilise information technology to overcome this problem. Overcoming these challenges will determine the success or failure of management to effectively lead the information-based organisation.

The civil service has been in the forefront of efforts to utilise information as a critical resource through widening the use of information technology from traditional areas such as revenue collection and payroll to new areas such as retrieval systems, work flow automation and image processing. One significant area where much progress has been achieved is to improve the viability and delivery of information in the repository of government departments to the general public. In order to achieve this, electronic databases have been established to expedite the flow of information. Of these electronic databases, the following three will have a profound impact on the way the nation uses information as a strategic resource. They are:

1. South Investment Trade and Technology Data Exchange Centre (SITTDEC);
2. SIRIMLINK; and
3. The Civil Service Link (CSL).

Civil Service Reforms

SITTDEC's mission is to foster and promote the exchange of investment, trade and technology information among developing countries. Information provided by SITTDEC is up-to-date and authoritative and obtained directly from member states, users of the network and from published materials. The databases which SITTDEC has developed consist of information related to product, trade, investment, technology, industry and the member countries of SITTDEC. The information in SITTDEC will enable Malaysian companies to penetrate new markets in the member countries.

SIRIMLINK was launched two years ago. SIRIMLINK is an on-line database service provided by SIRIM, containing information on Malaysian Standards, abstracts of articles on technical subjects, patents approved in Malaysia, biodata of Malaysian scientists and technologists, as well as about SIRIM products. The information contained in this database is weighted towards technology, and consequently caters more to the demands of engineers, scientists, researchers and industrialists. This community will find the information in SIRIMLINK invaluable in further advancing the standard of Malaysian science and technology.

SIRIMLINK was found to be useful, and subsequently worked on a system which would facilitate the private sector within the context of Malaysia Incorporated. The civil service then created the Civil Service Link (CSL). The CSL is an automated on-line public service information centre that is designed ultimately to become the gateway in supplying information pertaining to various aspects of public sector administration. As a gateway, the CSL seeks to centralise government information at one single point of access, thus providing convenience to the users while enabling government agencies to focus on their core business functions. As a key government IT project, it seeks to enhance the Malaysia Incorporated objective by forging greater co-operation between the public and private sectors. Presently, the CSL contains five main databases, namely:

Civil Service Reforms

1. Ministry Database, containing a profile of all the ministries;
2. Services Database, describing services provided by the various government agencies;
3. Public Service News Database, with information on tender announcements from selected government departments and other relevant news;
4. Tariff Database, containing information on import-export duties of over 11,000 items as well as related data; and
5. Statistical Database, which is a structured database giving access to trade and commodity information from the year 1991.

In the future, the CSL will be expanded to include information on government policies, economic data, population census and various other areas. It is also proposed to connect the CSL to the JARING network so that even international users can avail themselves of the CSL database. The overall thrust of the CSL is encapsulated in its theme: "Information Moves The Nation."

A speech delivered at the launching of the Electronic Information Centre, Malaysian Institute of Management (MIM), at the Management House, Jalan Ampang, Kuala Lumpur, on December 11, 1994.

Chapter 17

IMPLEMENTING ELECTRONIC DATA INTERCHANGE IN GOVERNMENT

In general, public administration is overly burdened with paperwork. Work procedures emphasise the use of papers as documentation for jobs carried out. It has become a requirement for the general public to fill various types of forms, in some cases in multiple copies, when dealing with the civil service. We have laws and administrative procedures which require the use of certain forms and documents, and in certain number of copies. Communication amongst officers within a department or between government departments is conducted through hard-copy letters and documents. In short, using papers and in some cases excessively is part of the work culture of civil servants.

In order to reduce paperwork in departments, we should rationalise work procedures so as to reduce unnecessary use of papers and documents, and evaluate how new technologies such as imaging, geographical information systems (GIS), electronic mail, smart cards, work flow automation and electronic data interchange (EDI) can greatly improve productivity, reduce manual operations, reduce the use of paper and eliminate redundant processes. A higher level of information technology penetration can lead towards the creation of a paper-less bureaucracy.

The use of information technology in the public sector has greatly benefited the Government, especially in improving the quality and productivity of its operations. In general, there has been growth in the use of information technology in four categories of activities, namely, administrative modernisation, particularly in the areas of accounting, finance, project management, inventory control and counter service operations; education and training in schools, colleges and universi-

ties; research and development in R&D institutions for processing and analysing voluminous and complex data; and improving the quality of life of individuals by improving their access to information in areas such as agriculture, health, education and recreation.

The areas of IT usage include improving efficiency in government administration, enhancing managerial effectiveness, improving the delivery of government services, human resource development, creating a greater awareness of IT and promoting both the availability and better access to government information. Increased effectiveness and productivity through computerisation are evident in a variety of applications such as improved revenue collection in local authorities, better counter services such as the Road Transport Department and the Inland Revenue Department.

Computer requirement in the public sector is dictated by functions of the agencies. Several important facts have to be considered by government agencies to achieve their computerisation objectives:

1. the importance of information sharing among government agencies; for e.g., the Road Transport Department, the Royal Malaysian Police Department, the National Registration Department, and the Inland Revenue Department have a great deal in common. They will certainly be more efficient if the information generated by each agency is shared with the others.
2. the importance of a free flow of information within the organisational structure of the agency itself which may comprise its headquarters, state and district offices. The success of daily operations depends very much on the ability to communicate and share information between these offices.
3. the ability to face the ever increasing demands from customers which require more sophisticated use of IT; and
4. to realise the shortage of computer personnel in the public sector in terms of experience and expertise in developing, implementing and maintaining the computerisation projects in the public sector.

Civil Service Reforms

The Civil Service must always strive towards improvements and review ways of doing things, in particular, the accessibility of government information and services to the general public. One such innovation is the establishment of the Civil Service Link to provide an on-line, one-stop resource centre which will be an information repository on various aspects of public sector administration. It will subsequently become an information-based electronic link of government agencies, the business community, research and academic institutions and the general public through integration with the proposed Government Integrated Telecommunications Network (GITN) and the Public Services Network (PSN).

The Government is now focusing on the accounting system for the statutory bodies. This involves standardising the accounting package used by over a hundred statutory bodies under the Federal Government. There are now possibilities of computerising the accounting systems to a shorter period and also see the possibility of incorporating the financial management information components into the system. The functions of accountants in the statutory bodies should go beyond being just the custodian of the agency's account. They have the potential to become the financial managers and handle effectively the financial management function of the agencies. They should be able to generate the financial information of the agency whenever and wherever such information is required. In the near future, the problems of closing the accounts of the statutory bodies and the problems of auditing their accounts will be things of the past.

Electronic Data Interchange is one of the new technologies that can be the catalyst in Malaysia's entry in to the realm of electronic commerce. EDI links both information technology and best business practice and does so in a potent and strategic manner. That is why EDI, based on common standards, is becoming increasingly recognised as an important catalyst and strategic tool as it impacts upon and improves business and administrative practices.

It does so in three ways. Firstly, because effective EDI message standards are developed by a process of co-operation and agreement between a number of significant business partners, they normally re-

flect agreed business practice of the group and generally the best practice for one partner becomes the standard practice of the group. Secondly, when new users deploy the standard, they effectively accept and cascade the best practice, often globally. Thirdly, preparing for and implementing EDI normally leads to a review of the business process which frequently leads to an improved or new approach being adopted.

A salient feature of EDI is that it implies minimal or no human intervention resulting in a great reduction in errors. It avoids the multiple keying-in of the same information by different parties. EDI would standardise and simplify the generation, transmission, storage and retrieval of documents resulting in substantial savings in time and resources.

The Government recognises that effective measures must be taken to improve procedures and documentation for export and import trade. EDI will by the end of the 1990s emerge as a standard business communication method in the global area. In our efforts to "stay competitive and to take advantage of the opportunities of globalisation", we cannot be handicapped by the inherent deficiencies of traditional document processing procedures.

Studies by the United Nations estimated that the cost of paperwork and procedures accounts for about 10 per cent of the value of a nation's international trade. A modern and efficient national electronic commerce infrastructure has the potential to save between 30 and 50 per cent of paperwork and cost in international trade.

In the future, frontier agencies such as the Customs and Port Authorities in the major markets will increasingly expect overseas shippers to submit their papers electronically so that the processing of the documents can be completed prior to the arrival of the cargo. In this connection, while our ability to meet this challenge will ensure that our exports remain competitive, it will also ensure that Malaysia remains attractive to investors. Our failure to do so will nullify any other competitive advantages that we may have.

Several EDI projects are being carried out and are in various stages of implementation. These are, namely, the Port Kelang Community

Civil Service Reforms

System, the MITI Textile Export System, and the Veterinary Services Department's import and export of animals and live products system. The objective of these projects is to expedite the processing of import and export licences or permits and facilitate import and export declarations through electronic transmission of applications and documents.

A mechanism to develop and promote the development of EDI standards already exists in this country, that is, the Malaysia EDI-FACT Committee (or the MEC) which is chaired by MAMPU. The MEC has to date developed more than twenty EDI messages for electronic customs import declaration submissions as well as financial messages for electronic duty payments.

EDI and related technologies are changing the marketplace and new business opportunities in the marketplace are creating more opportunities for the use of technology. It is a culture in which the IT people are totally integrated with other process areas, and not separated from them; a culture in which we not only develop new products and services fast, but also will be quick to provide them.

Technology should be used not only to improve our external services to customers but also to increase the effectiveness of our internal management. To help implement broadly-based and relevant quantitative and qualitative performance measurements for each agency, a balanced scorecard is introduced. Underlining the scorecard approach, be mindful that strategic success results from doing the right things in respect to staff satisfaction, improved management practices, client satisfaction and productivity.

A speech delivered at the seminar on "Implementing Electronic Data Interchange (EDI) in Government Departments and Agencies," organised by the National Chamber of Commerce and Industry of Malaysia (NCCIM) at Shangri-la Hotel, Kuala Lumpur, on January 9, 1995.

Part V
MALAYSIA INCORPORATED



Chapter 18

REINVENTING THE GOVERNMENT

The civil service in Malaysia is currently undergoing a period of change. These changes are necessary in response to the changing national environment. The private sector continues to be the engine of growth. The role of the civil service will continue to be the pacesetter and facilitator in order to establish a competitive, dynamic and resilient economy. What are the objectives of administrative reforms in Malaysia? Firstly, we want to create a civil service which is efficient, effective, dynamic and innovative; secondly, we need to have a civil service which is highly disciplined with the highest standards of integrity; and thirdly, we require a civil service which is action-oriented, people-oriented and customer-focused.

In undertaking some of the administrative changes, we are mindful of the opinion or suggestion that the civil service should become more like a business entity. There are similarities between business and public administration, namely, that officials or managers in both sectors are involved in organisational design, allocation of scarce resources, and the management of people. But the context of public administration significantly alters the work itself, and so there are differences between the two. Three differences are most apparent. The first difference between public administration and business lies in the purposes to be served. In most business, even those with service objectives, the bottomline—profit—is the basic measure for evaluating how good a job the organisation is doing. In turn, the performance of individual managers, can, in many cases, be directly measured in terms of their units' contribution to the overall profit of the company. The objectives of public organisations are often stated in terms of service; for

example, the mission of the Department of Environment is to protect the quality of the environment; such service objectives are much harder to specify and measure. What does "quality" mean with respect to the environment? A second difference between work in government and in business is the fact that in business, decisions can be quickly made by an individual or a small group, whereas in a public organisation, inputs are required from many diverse groups and organisations. We call this the pluralistic nature of government decision-making. Thirdly, managers in public organisations seem to operate with much greater visibility than their counterparts in private organisations; they are subject to constant scrutiny by the press and the public.

With this background, we have introduced changes in the civil service which incorporate some of the principles of management in the business sector. However, some of the structural changes and the value-changes introduced are peculiar to the civil service.

The Malaysian Civil Service has embarked on a journey towards developing a quality culture. The ultimate objective is the evolution of a mind-set premised on quality values that would permeate the entire public sector. In this regard, Total Quality Management (TQM) has been adopted, all public sector agencies are required to formulate their respective missions through the process of strategic quality planning. They are to be market-driven and to institutionalise a distinct customer-orientation in the delivery of services. In this connection, the Client's Charter was recently introduced. This Charter is the apex of all our efforts to inculcate and internalise the quality ethos. The Client's Charter is a written commitment made by all government agencies pertaining to the delivery of outputs or services to their respective customers. It is an assurance by agencies that their outputs or services will comply with the declared quality standards, that is, in conformance with the expectations and requirements of the customer. The benefits to be obtained from this Charter are numerous. The customer has specific information on the standards of quality to expect and consequently is in a position to assess whether he or she obtains value for money, either from charges paid directly or taxes paid indirectly. The customer is also in a position to evaluate the performance of services

Civil Service Reforms

rendered as well as make comparisons between agencies that provide similar type of services. On the other hand, the Client's Charter would provide public sector agencies with concrete performance indicators that can be used to continuously upgrade the services rendered. Service recovery based on customer feedback would also become an integral part of managing the performance of public sector agencies. We believe that the Client's Charter is a starting point in bringing about the empowerment of the citizenry *vis-à-vis* the public sector.

The public sector has also introduced several management support systems. In the area of financial management, the Modified Budgeting System (MBS) has been introduced to provide greater autonomy and flexibility to managers of public sector agencies. This autonomy, however, has its price. Public sector managers are now held accountable for achieving the intended outcomes of their respective programmes. The focus is on results, not just processes of budgetary expenditure. The reward systems and performance appraisal procedures have also been introduced as support mechanisms to ensure a high level of motivation, discipline and dedication among public sector employees. The New Remuneration System introduced in 1992 will lead to flatter, less hierarchical organisations; it would also facilitate the provision of adequate recognition to excellent employees.

Twelve values have been identified as prerequisites for good quality public service. These values, referred to as "the twelve pillars" are: the value of time, the success of perseverance, the pleasure of working, the dignity of simplicity, the worth of character, the power of kindness, the influence of examples, the obligations of duty, the wisdom of economy, the virtue of patience, the improvement of talent and the joy of originating. The final requisite—the joy of originating—clearly shows the emphasis given to creativity and innovation as means to improving the quality of service.

The Malaysia Incorporated concept has provided the impetus for greater and intense public-private sector collaboration in national development. The ultimate goal has been to build a meaningful working relationship in order to forge ahead in an increasingly competitive global marketplace. Rules, regulations, procedures have been con-

stantly reviewed to expedite work processes, and importantly, decision-making. Services to the private sector have been revamped to facilitate the growth and operations of business activities. Consultative panels comprising private and public sector representatives have been set up to streamline regulations and procedures, to jointly develop human resources and to facilitate the sharing of information. Our latest publication *Dealing with the Malaysian Civil Service* is a landmark effort to foster this nexus.

While making all possible changes to facilitate economic growth, it is still the duty of the civil service to act as the custodian of rules, regulations and procedures established by our superiors. In order to carry out this function, the civil service has to enforce the law, the rules, regulations and procedures. A predictable civil service is undoubtedly necessary for social justice. Rules, regulations and procedures are important instruments to ensure accountability and predictability in the acts, actions and behaviour of the civil servants. The private sector, however, can point out to the civil service if there are rules, regulations and procedures which are inconsistent in nature, and therefore require modifications or amendments. The principles underlying the Malaysia Incorporated concept make allowances for this.

According to Ted Gaebler, "Re-inventing means to re-think, re-work and re-create, continuously." Following this definition, the civil service in Malaysia can be said to be actively engaged in "re-inventing" itself. In 1991, in order to enable civil servants to perform the tasks in a precise and predictable manner, guidelines were introduced to establish a manual on work procedures and desk files. In the same year, quality management programmes were introduced, including quality control circles and quality services at the counters, and in order to detect the movement of files, guidelines on Work Action Forms were circulated. The system of project reporting through computers became a practice. Guidelines for innovation in the civil service, as well as productivity indicators, were produced. In order to strengthen the nexus of private-public sector co-operation, further guidelines on Malaysia Incorporated were published. New guidelines were issued in 1972 for

Civil Service Reforms

financial accountability, development project planning and managing public complaint.

The New Remuneration System (NRS) for the public sector, which came into effect on January 1, 1992, unveils a new concept of varied salary movement based on annual performance appraisal. At the same time, with the reduction in the number of layers in the various schemes of service, it flattens the structure and helps erase the hierarchy which the public service has been identified with.

In 1993, three more guidelines were introduced. These were the "morning prayers", the public service excellence awards and the Client's Charter.

Through these administrative reforms, the public service is being re-invented. Likewise, the Civil Service in Malaysia is undergoing a paradigm shift. The changing civil service is Malaysia's competitive edge. The success of any political leadership in implementing its policies and objectives depends heavily upon the expertise, quality and commitment of the professional career employees of government. For this reason, improving the quality, morale and performance of the public service is being accorded high priority. Many public services around the world have failed not because the employees lack talent and energy but because byzantine rules and procedures imprison talents and sap morale. So, the preoccupation in "re-inventing" the public service should be able to find ways to remove impediments to effective management and to encourage workforce creativity.

An efficient counter service is one that processes applications and handles transactions smoothly and expeditiously, leaving the customer feeling his time has not been wasted. One of the most important initiatives that the government has undertaken to improve the quality of the public service is the introduction of the concept of the Client's Charter. A total of 318 agencies have so far formulated and implemented their Client's Charters. Equally important in the implementation of the aspect of service recovery when a department fails to deliver its services according to quality standards as promised in the Charter. Departments are required to continuously review their work processes to ensure that the standards promised in the Client's Charter are met.

Civil Service Reforms

Three main strategies to enhance the effectiveness of the Client's Charter will soon be introduced. These are:

1. The submission of annual Client's Charter Performance Report by agencies;
2. Inspection of agency performance in the implementation of the Client's Charter; and
3. The publication of annual report on the implementation of the Client's Charter in the public service.

Government agencies will be required to submit detailed annual performance reports on the progress of implementation of their Charter. The report will focus on three main areas, i.e. what are the standards that have been set in the Charter, what have been their achievements and what are their future commitments. The government will set up inspection of the implementation of the Client's Charter of agencies through existing mechanisms such as MAMPU's Inspectorate Division, the Public Complaints Bureau, Budget Division of the Treasury, Auditor-General's Department, Hospitals' Board of Visitors and the School Inspectorate Division of the Ministry of Education. Relevant follow-up action will be taken on the findings submitted. The civil service will prepare a comprehensive overall annual report on the implementation of the Client's Charter which will be made available to the public. This is in line with the policy to make the civil service more open and transparent by providing information about the public services and making them directly accountable to the people they serve. In addition, the report also acts as an important source of reference and a tool for benchmarking an effective delivery of public services.

For TQM to succeed, we must possess a passion for quality. There must be an uncompromising commitments towards quality where all department and individuals at all levels strive to make quality happen. This will be achieved if we embrace quality as a way of life. However, quality is too important to be delegated to some departments or others down the ranks. TQM has to be integrated into the strategy of the or-

ganisation. In this respect, quality improvement efforts in the public service are co-ordinated at the highest level by the panel on Administrative Improvements to the Civil Service. Through experience, it has been found that consensus building is one way of four major permanent committees of Public Service top management, namely, Meetings of Secretary-Generals of Ministries and Heads of Services; Meetings of Heads of Federal Departments; Meetings of the Liaison Committee between Federal and State Governments; and Meetings of the Chief Executive of Federal Statutory Bodies. Every change that affects departments are carefully thought out, planned, tabled at these meetings for deliberation and finally agreed by all quarters concerned. This ensures understanding and acceptance of the change to be introduced.

Training is used as an effective means of ensuring capable and skilled workers who could effectively implement and manage the administrative programmes. The National Institute of Public Administration (INTAN) conducts training courses on the various reform measures. The contents of the Development Administration Circulars and other major publications have also been included in the syllabus of the Public Service Examinations as well as interview questions by the Promotion Boards.

Feedback from heads of government agencies are obtained regularly to ensure that they implement quality improvements on a continuous basis. Much of the success achieved in the implementation of administrative improvements can be attributed to close, monitoring by top management.

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 Awards, the Director-General of Public Service Quality Award and the Director-General of MAMPU Quality Award; Public Service Innova-

Civil Service Reforms

tion Award; Public Service Special Awards in Financial Management, Management of Counter Services, File Management, Project management, Human Resource Management, Information Technology Management and Performance Indicator Quality Award; District Office Quality Award; Local Authorities Quality Award; Best Client's Charter Award; and Quality Control Circles Awards.

A speech delivered at the Conference on "Reinventing Government: A New Vision for Transforming Government in the Public Sector," at Hotel Istana, Kuala Lumpur, on August 3, 1993.

Chapter 19

IMPROVING PUBLIC-PRIVATE SECTOR CO-OPERATION

We have learnt about the concept of "bureaucracy" from Max Weber and the Americans. From American management writers we learnt that the concept of "bureaucracy", in its original form, was a very useful modern invention to organise and direct the activities of an organisation. Bureaucracy implicitly involves some basic features such as:

1. a well-defined chain of command structured on the lines of a pyramid;
2. a system of procedures and rules for dealing with all contingencies relating to work activities; and
3. a division of labour based on specialisation.

However, while bureaucracy was conceptualised with efficiency and effectiveness in mind, in practice, bureaucracies have come to be identified with descriptions such as mammoth size, unwieldiness, rigidity, slow decision-making, obsolescence and indolence. The Malaysian civil service has also been the target of such descriptions over the years.

From the west, we also learnt of the concept of "public administration". Cicero gave two distinct meanings for the term "to administer". One was "to help, to serve or assist" and the other was "to manage, direct or govern". What the Malaysian civil service inherited from the British was, in fact, "public administration" with the latter flavour, and the civil servant with an aloof and stern exterior, the demeanour of a custodian of law and order.

With the passage of time, we have realised that the bureaucracy and public administration practices of the early years will not be able to support us in our quest for the status of a fully developed nation by the year 2020. We, like the United States, are in the process of re-inventing our civil service. We need to synchronise administration with our own unique traits and needs. As Woodrow Wilson stated in his 1887 treatise on "The Study of Administration":

public administration is a foreign science developed by French and German professors and if we would employ it, we must Americanise it.

Thus, changes which occur in the Malaysian civil service must be essentially home-grown.

The Implementation of the Malaysia Incorporated Policy

This dictum has been particularly true in the case of the Malaysia Incorporated Policy. This Policy, while loosely based on the Japan Incorporated concept of close co-operation between the public and private sectors, is certainly not a ditto. For instance, it is said that such is the closeness between the public and private sectors in Japan that, through the *keidanren*, the retiring Japanese bureaucrat is readily absorbed into the private sector on retirement. However, civil servants in Malaysia are career civil servants. We serve the Government up to the time of our retirement and sometimes beyond. Any employment of senior civil servants by the private sector is through their own efforts and entirely coincidental.

Since its inception in 1983, major strides have been made in the implementation of the Malaysia Incorporated Policy. Over the past few years, the emphasis has been on six key areas:

1. strengthening of the consultative mechanism;
2. forging closer relationship between the public and private sectors;
3. improving the quality of public services rendered to the private sector;

Civil Service Reforms

4. improving information dissemination;
5. enhancing the understanding of the Malaysia Incorporated Policy among civil servants at all levels; and
6. facilitating the private sector in international trade.

Strengthening the Consultative Mechanism

In strengthening the consultative mechanism between the public and private sectors, the Malaysia Incorporated Officials Committee acts as the main forum at the highest official level for the exchange of information and ideas. This Committee also acts as the spearhead for joint programmes between the two sectors at the official level, in the interests of the development of the private sector. Feedback on problems faced by the private sector in the area of delivery of public sector services is also channelled through the various Chambers of Commerce and Industry Associations to the relevant government agencies via this Committee for remedial action.

Consultative Panels comprising representatives of the public and private sectors have also been established in most ministries and departments at the Federal, State and district levels. The establishment of such consultative panels is, in fact, mandatory under the Development Administration Circular No. 9 of 1991 entitled "Guidelines on the Implementation of the Malaysia Incorporated Policy".

Feedback indicates that these consultative panels have contributed significantly in facilitating the free flow of information and, at the same time, assisted in establishing closer rapport between the two sectors. Associations such as the Malaysian International Chamber of Commerce (MICCI) and the Federation of Malaysian Manufacturers (FMM) have now taken up the government's call to give more concrete feedback on problem areas. The annual Business Assessment Survey by the MICCI and the FMM annual surveys conducted among members provide valuable and specific feedback and suggestions to the civil service.

Forging Closer Public-Private Sector Ties

In forging closer public-private sector ties, various guidelines were issued by the Government in 1993 for the conduct of joint activities between the two sectors. Among these were General Circular Letter No. 2 of 1993 entitled "Guidelines on the Involvement of Public Agencies/Officials in Conferences/Seminars/Forum/Training Workshops Organised by the Private Sector" and the General Circular Letter No. 3 of 1993 entitled "Guidelines on the Involvement of Public Agencies/Officials in Sports Activities Organised by the Public Sector/Private Sector". These circulars are aimed at providing clear guidelines for undertaking joint activities in these areas and thereby removing any ambiguity which may mar or restrict free participation of civil servants in activities organised by the private sector.

Improving the Quality of Public Services

On its part, the Civil Service has been proactive in undertaking numerous initiatives to improve the quality of services rendered to the private sector. Some of the more significant measures are:

1. the publication of a book entitled *Dealing With The Malaysian Civil Service* in July 1993. This book contains information of value to the private sector and investors. The information includes the profiles of ministries and departments which they need to deal with in the course of undertaking business activities, the rules and regulations governing the application for business licences, permits and other approvals, tax incentives offered to investors and other such information.
2. the launching of the Civil Service Link (CSL) is another initiative on the part of the Civil Service to fulfil the information needs by the private sector. The CSL is conceived as an on-line one-stop resource centre which will be a repository of a variety of information on public administration of interest to the private sector and investors. It will also be eventually linked to the specialised databases of relevant ministries and departments as well as to overseas destinations to facilitate re-

Civil Service Reforms

retrieval of data. The CSL is expected to be operational by June 1994. More one-stop service centres and licensing centres have been established to expedite services and facilitate private sector operations;

3. the implementation of the Client's Charter is a major initiative on the part of the civil service to ensure the delivery of quality services. The Client's Charter is basically a written assurance on the part of government departments as to the quality standards of the goods and services rendered to their customers. These quality assurances are displayed prominently by the department for the information of the customers. Should a department be unable to fulfil the set standard, a service recovery mechanism is also made available for the recourse of the customer for remedial action. Members of the Malaysia Incorporated Officials Committee have been requested to make their own unobtrusive surveys in departments which they have regular dealings and provide feedback as to whether the quality assurances made by these departments are being adhered to;
4. in the area of accountability, the Permanent Committee on Public Complaints meets regularly to consider cases of complaints of maladministration and recommend the necessary actions. The role and presence of the Public Complaints Bureau has also been expanded to expedite action on complaints against government agencies; and
5. more performance- and results-orientation is being encouraged among civil servants to contribute to quality improvement. Among the measures taken in this area is the increase in the number of awards given to public sector agencies which record excellence in performance. Two of the new awards introduced in 1993 include the Quality Awards for District Offices and the Quality Award for Local Authorities. At the individual level, the Circular on the annual Excellent Service Awards has been revised to provide for annual bonus payments to those who record excellent performance.

Improving Information Dissemination

Information dissemination is a vital strategy to promote the understanding of the private sector on various government policies, programmes and services provided by public sector agencies. In this context, government agencies have placed major emphasis on documentation and publications of their various activities and services. Two important publications of 1993 were *Dealing With the Malaysian Civil Service* mentioned earlier and *Upholding The Integrity of the Malaysian Civil Service*, launched in December 1993. The latter contains articles on discipline and the system of administration of discipline in the Civil Service as well as the values and ethics upheld by civil servants. This will assist the private sector to better understand the code of conduct that governs the behaviour of civil servants.

Enhancing Understanding of the Malaysia Incorporated Policy Among Civil Servants

Efforts have also been intensified to ensure understanding and commitment among civil servants at all levels regarding the concept of Malaysia Incorporated. In response to the feedback from the private sector that understanding of the policy was insufficient among civil servants of lower categories, a training programme has been launched to ameliorate this situation. To increase the number of civil servants who are exposed to the policy, training programmes are held simultaneously in at INTAN campuses as well as various public sector training institutions.

Another new strategy introduced to expand the training opportunities to a wider group of civil servants is the system of "training franchise". Under this system, INTAN has prepared training manuals on the various Development Administration Circulars, including one on the Malaysia Incorporated Policy. This is aimed at standardising the training content and to assist other public sector training institutions and departments to conduct the courses on their own. Through these measures, exposure and training on Malaysia Incorporated has been expanded considerably among civil servants at all levels.

Facilitating the Private Sector in International Trade

As a facilitator in promoting the private sector's role as the primary engine of growth in the economy, the Government has introduced a new dimension by establishing closer contacts at the official level with Malaysia's traditional and new trading partners. This programme will cover many countries, including the People's Republic of China. Such contacts at the official level is expected to pave the way for further contacts between the private sector and relevant officials in the countries concerned.

This year, the civil service will launch a second exercise on the streamlining of rules and regulations pertaining to business and investment. A similar exercise was conducted in 1990, which resulted in the introduction of several major improvements, such as the use of composite application form to apply for various licences and permits. A composite licence was also introduced and the validity period of various licences was extended. The current study is aimed at further reviewing the rules, regulations, procedures and the process in the issue of the various licences, permits and other approvals.

The civil service is studying a proposal for the reduction of excessive paperwork and documentation in government departments and agencies. Programmes for computerisation and office automation will be expanded in the move towards a paper-less bureaucracy. Systems such as "transaction-based applications", "communication-based applications" and "electronic mail" are being considered service-wide to expedite transaction time. Training for all levels of civil servants will continue to be emphasised as the key to quality improvement. The civil service welcomes the participation of more Industry Associations and Chambers of Commerce to participate in joint training programmes. Joint training programmes such as the programme which has been successfully mounted with BMITA include an attachment programme for civil servants in private sector companies and firms. Through this, the civil servants will get a better feel of the working environment in the business world and appreciate the problems and constraints faced by them. This will assist them in their future dealings with the private sector.

Civil Service Reforms

The successful implementation of the Malaysia Incorporated Policy is greatly dependent on mutual trust and confidence. At the same time, the basic safeguards and limits governing the nature of the relationship between the two sectors must be spelt out clearly. The civil service, on its part, has taken several initiatives in establishing such guidelines which govern joint activities and programmes between the two sectors. Information and clarifications such as those pertaining to the code of conduct of civil servants and the basic profiles of departments have been published to make the public administration more transparent.

A speech delivered at a talk organised by the American-Malaysian Chamber of Commerce (AMCHAM), delivered at the Pan Pacific Hotel, Kuala Lumpur, on February 7, 1994.

Chapter 20

KEY SUCCESS FACTORS TOWARDS PUBLIC SERVICE EXCELLENCE

A "near perfect public service" can be equated to an "excellent public service". There are six dimensions to an excellent public service. These are:

1. an efficient counter service;
2. error-free product or service;
3. hassle-free dealings with the Government;
4. sensitive to customers needs;
5. adequate and appropriate information; and
6. close public-private sector interaction.

Nobody wants to spend hours or worse still, the whole day in a government department waiting to obtain a particular type of service. Something is certainly wrong with the department if customers have to come as early as five o'clock in the morning to queue up, or to make repeated trips to the department for a simple transaction. An efficient counter service is one that processes applications and handles transactions smoothly and expeditiously, leaving the customer feeling he has not wasted his time.

One of the most important initiatives that the Government has undertaken to improve the quality of the Public Service is the introduction of the concept of the Client's Charter. A total of 318 agencies have so far formulated and implemented their Client's Charters. Equally important in the implementation of the Client's Charter is the aspect of service recovery when a department fails to deliver its services according to quality standards as promised in the Charter. Depart-

Civil Service Reforms

ments are required to continuously review their work processes to ensure that the standards promised in the Client's Charter are met. Three main strategies to enhance the effectiveness of the Client's Charter will soon be introduced. These are:

1. the submission of the Annual Client's Charter Performance Report by Agencies;
2. inspection of Agency Performance in the Implementation of the Client's Charter; and
3. the publication of an Annual Report on the Implementation of the Client's Charter in the Public Service.

Government agencies will be required to submit detailed annual performance reports on the progress of the implementation of their Charters. The report will focus on three main areas, namely, what are the standards that have been set in the Charter, what have been their achievements, and what are their future commitments. The Government will step up inspection of the implementation of the Client's Charter of agencies through existing mechanisms such as MAMPU's Inspectorate Division, the Public Complaints Bureau, Budget Division of the Treasury, Auditor-General's Department, Hospitals' Board of Visitors and the School Inspectorate Division of the Ministry of Education. Relevant follow-up actions will be taken on the findings submitted. The civil service will prepare a comprehensive overall annual report on the implementation of the Client's Charter which will be made available to the public. This is in line with the policy to make the civil service more open and transparent by providing information about public services and making them directly accountable to the people they serve. In addition, the report also acts as an important source of reference and a tool for benchmarking an effective delivery of public services.

Nothing irks a customer more than after a long wait, to find errors in the output of the transaction such as names wrongly spelt. Rework costs money. The civil service has a duty to keep wastage at bay. An error-free product or service is one that satisfies the customer the first

time it is delivered. To create an excellent public service, we should strive to eradicate negligence of any magnitude, whether big or small.

Many customers are frustrated with the bureaucratic cobweb of the public service. They have been crying out for less red-tape, more transparency and greater accessibility to the public service. In other words, what they want is ease of dealing with the public service. Forms should be made as simple as possible and explanations clear and precise, reflecting the departments' desire to assist and not obstruct customers. Currently, all types of application forms used by government departments are being reviewed to ensure that only relevant information is sought and criteria in accepting or rejecting an application are made known to the applicant. On March 30, 1995, the Development Administration Circular No. 1 of 1995 entitled "The Use of Information in Application Forms and Specific Criteria as Basis in Decision Making" to assist heads of departments to review current application forms and to ensure only information which is relevant and necessary is sought to facilitate decision making. The aim is to expedite processing of applications and to promote transparency. The National Registration Department, the Immigration Department, the Royal Customs and Excise Department, the Registrar of Companies, the Registrar of Business, district offices and local authorities are prime targets of the review of forms.

Conscious of the overwhelming build-up of paper-based documents and the high costs associated with them, the process of institutionalising a paper-less culture in public administration is now accelerated. By having a paper-less bureaucracy, customers of government departments need not fill so many forms or provide so much information in application forms or furnish a large number of copies of supporting documents. At the same time, the civil service is already looking very closely into the appropriate information technology to support its efforts towards a paper-less bureaucracy. Technologies like the use of smart cards, imaging and optical storage media will also be adopted which are expected to lead to considerable savings in the volume of paper-based documents. The Government has already implemented measures which contribute towards the reduction of paper-

work. For instance, the Electronic Data Interchange (EDI) has already been implemented at the Klang Port to facilitate trade transactions. Prior to EDI, customs and cargo agents had to deal with tonnes of paperwork to clear imports and exports for their customers. Similarly, the introduction of the Public Services Network (PSN) at several post offices has cut down the use of paper-based forms. Some government agencies have already automated various aspects of their operations resulting in the utilisation of less paper and savings in time and cost. For instance, the introduction of Computer-Aided Land Surveying System (CALS) and the Computer-Aided Mapping System (CAMS) by the Survey Department has considerably lessened the usage of paper. Similarly, the facility of online operations at the Road Transport Department for renewal of road tax and driving licences and registration of new vehicles has cut down paperwork since the applicants no longer have to fill forms. Efforts will be continued to utilise and exploit the opportunities for utilising technology to provide for the electronic delivery of services resulting in less paperwork, savings in cost and time, and increased productivity in selected departments in the years ahead.

An excellent agency is one that is sensitive to customer needs and make changes to increase customer satisfaction. Departments are asked to monitor public complaints more closely. Every complaint received has to be studied and appropriate action taken to redress the problem. Among some of the mechanisms that are being used to solicit customer feedback are toll-free lines, hotlines, suggestion boxes, feedback forms and customer survey.

Some customers feel awed when dealing with the public service. They would appreciate adequate and appropriate information on how to deal with the public service. The "Q Information System" of various government departments will be further enhanced for information on government matters to be easily available to the private sector. For example, government information on the database of the Civil Service Link will be constantly expanded and updated. In order to overcome the problem of customers who are ignorant of the correct and proper procedures when dealing with government departments, pertinent information on how to obtain various services from the respective de-

partments and agencies will be made available in the form of comprehensive information booklets.

The Immigration Department has just launched a booklet on "Immigration Guidelines for Foreign Nationals". Similar information booklets will be published and distributed by key government agencies such as the National Registration Department, the Royal Customs and Excise Department, the Road Transport Department, the Commercial Vehicle Licensing Board and the local authorities.

Customers welcome any effort on the part of government to foster closer interaction with them. They want to be consulted on issues affecting them and they want to be able to contribute to better administration. For example, there will be greater consultation with the customers on the performance of the Client's Charter. Government agencies at all levels, be it at the ministry, department, state, local authority or district levels, will continue to hold dialogue sessions with the private sector, to review our procedures, rules and regulations.

For TQM to succeed, we must possess a passion for quality. There must be an uncompromising commitment towards quality where all departments and individuals at all levels strive to make quality happen. This will be achieved if we embrace quality as a way of life. To support the institutionalisation of quality as a way of life, the government has taken steps to put in place certain systems. The government has instituted various measures to improve financial management and accountability. This is done by strengthening financial control systems, improving the financial management infrastructure and improving the effectiveness of financial management through the Micro-Accounting System and the 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 information on cost 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

Civil Service Reforms

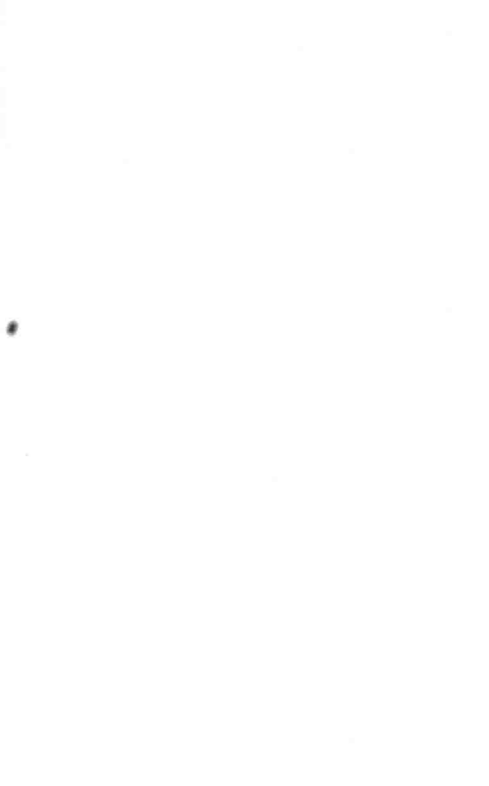
of resources allocated to them for certain objectives. This system is oriented towards the measurement of output and impact of government programmes.

Under TQM, management has to ensure that employees understand and appreciate the importance of customer satisfaction. To achieve this, top management constantly emphasise greater employee involvement and participation, motivation and recognition.

In TQM, the government emphasises on 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 in various areas of administration and the benefits derived include reductions in waiting time and operational costs.

An address on "TQM in Government: Key Success Factors Towards a Near Perfect Public Service," at the Regional Quality Forum, at Hyatt Regency Saujana, Subang, on April 3, 1995.

Part VI
FINANCIAL MANAGEMENT



Chapter 21

GENERAL TAX ADMINISTRATION

In the Public Service, an issue that is of growing concern is accountability, which is being answerable to the public, the clientele and to higher governmental authorities. The early theories of accountability were based on the regulatory dimensions, focusing on compliance to legal and procedural requirements. The early views of accountability ignores the managerial dimension of effectiveness, namely, one must also be accountable for the results of tasks and responsibilities assigned. Public sector management cannot divorce itself from the dictates of accountability, where those who are occupying public office have an obligation to carry out assigned activities in a responsible and responsive manner and being held answerable for its success or failure. Accountability should take into consideration more than just compliance to rules and procedures. Accountability exacts a responsibility for achieving the goals of individual tasks and subsequently the objectives and *raison d'être* of the organisation.

An important element of effective tax administration is the internalisation of the concept of accountability. Tax administration is built around a very simple principle: to collect tax for the nation in a manner that is effective, fair and equitable. As such, effective tax administration demands that those given the mandate to do so are accountable for collecting the correct amount of revenue due to the nation. The performance of an Inland Revenue Department will be determined by its ability to collect the direct taxes due to the government, which for most countries form the bulk of its revenue. For example, in Malaysia the amount of direct taxes collected in 1994 amounted to RM18.5 billion, approximately 40.6 per cent of the country's revenue.

Failure to do so will deny the nation of much needed funds to maintain economic growth. There are many facets of accountability in terms of collecting revenue for the nation. Firstly, you are accountable for ensuring that the correct amount of revenue, as provided for under the law is collected. Secondly, you are accountable for timeliness in the collection of revenue. Thirdly, you are also answerable for the arrears of revenue due that are not collected.

Shortfall in revenue collection is a universal phenomenon. In Malaysia, the Auditor-General's Office has identified various reasons for the shortfall in revenue collection by government agencies. These include weaknesses in supervision and control, especially in the maintenance of accounts and records, the lack of skills and inefficiency of officers, shortage of personnel and the failure of management to give due attention and focus to maintaining an effective system of financial management. The Civil Service of Malaysia has launched a major effort to clear the backlog of work in all agencies. This is particularly relevant for revenue collecting agencies such as the Inland Revenue Department because there is a positive correlation between timely and accurate collection of revenue and the amount of backlog in assessments of taxes payable. Given the commitment, the backlog of work could be cleared up even without any increase in manpower. An agency could look into the deployment of staff to critical areas, review work processes, streamline procedures and introduce new technology, but most importantly, there must be a willingness to sacrifice one's time and effort to innovate.

Steps have been taken by the Government to ensure that limited resources are managed prudently and efficiently. The Government has instituted numerous measures to strengthen the financial management of the Public Service and to ensure that there is greater accountability. Among the measures being introduced are:

1. increasing the role and responsibilities of senior officers, namely, the controlling officer of an agency in financial management. In this manner, it is hoped that there will be full accountability of financial resources provided to the agency by

- Parliament. In addition, a task force or special committee may be required to be established in each agency to spearhead improvement in financial management; and
2. improving the skills and knowledge of public officials in financial management and tax administration. The lack of skills and knowledge, especially pertaining to the legal and procedural requirements of public accounting, finance and assets management, have been identified as a critical cause of poor financial management in many agencies. Manpower skilled in these areas are vital. Strategies to increase the number of skilled manpower include greater specialisation of public officials in financial management and giving greater focus on training.

The foundation of accountability lies in the internalisation of an ethos of accountability. Two of these timeless value will be highlighted here. The first is honesty. Honesty does not only mean being honest with oneself or honest in carrying out financial transactions. Putting aside self-interest in the cause of public interest, not being influenced by corrupt practices, not exerting influence and public position for achieving self-gain are some of the values of an honest manager. Bending rules to achieve self-interest or to reap benefit for oneself or for others are actions that are dishonest. The second value is commitment. We must dedicate ourselves to our profession with full devotion and administer selflessly. Our conduct must do justice to the esteem and confidence which our profession requires. Commitment will ensure a drive to conscientiously perform in accordance with one's position, a desire to master the skills and knowledge required of one's job and an assurance of acting impartially.

We are operating in an era where the customer is paramount. In tax administration, this concept of customer orientation is especially important as your customers are customers not of choice but of compulsion. This makes them very vocal customers who are critical of shoddy treatment.

The Inland Revenue Department of Malaysia has been in the forefront of translating this concept of customer-oriented services into strategies and finally into specific action plans. To increase compliance to tax requirements, the Inland Revenue Department has a major programme of taxpayer's information and education. Tax requirements is disseminated through the publication of books, pamphlets and documentary films while programmes hosted by the department through the media (radio and television) answer queries from taxpayers.

Customer satisfaction is also solicited through improved counter services, the provision of drive-in counters and the payment of income tax through banks. One innovative idea was the introduction of the Taxpayers Service Week in 1991. Where previously taxpayers are expected to come to the Inland Revenue Department's offices to settle their tax problems, the introduction of the Taxpayers Service Week has seen the department going to their customers instead. Counters were opened at public places such as shopping complexes and markets all over the country with extended working hours for the convenience of customers. These counters provide numerous services such as tax enquiries, collection of tax declaration forms and providing general information on tax matters. The Taxpayers Services Week has received overwhelming response from the public and has become the model by which numerous other government agencies have followed suit and introduced similar services. For their innovativeness, the IRD was awarded the Public Service Innovation Award in 1992.

Another area where the IRD has attempted to heighten customer satisfaction is through the use of technology. The department has introduced a massive computerisation programme known as PUSH. This comprehensive system will modernise the whole process of tax administration. This system will introduce new concepts of tax assessment and collection which will reduce departmental workload and at the same time facilitate payment by taxpayers. PUSH will also lead to greater automation of various aspects of administration and management which is in line with the move towards a paper-less civil service.

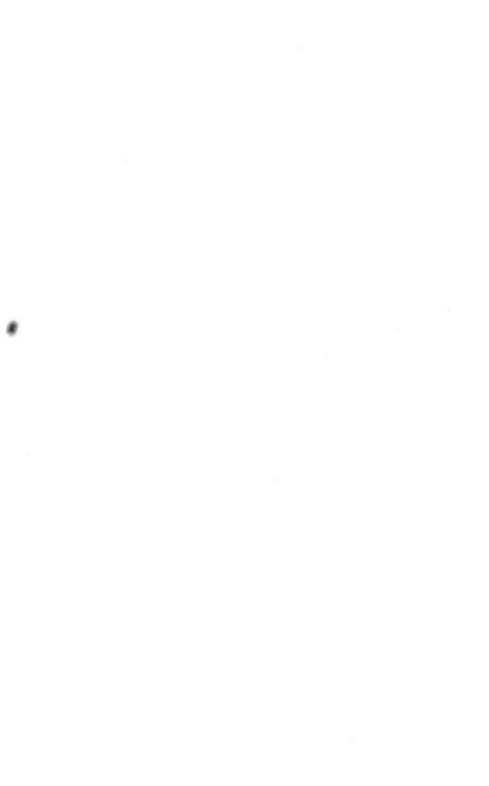
Tax administrations in many parts of the world have either undertaken reforms or are in the midst of modernisation to improve effi-

ciency and effectiveness with the focus on customer service. Although people generally do not pay taxes voluntarily, they would be more willing taxpayers if they are given the proper service and information. In this respect, tax improvements such as the use of computers to replace manual and repetitive processes, the simplification of forms, the simplification of tax laws, the setting up of taxpayer service centres and one-stop payment counters, provide quality service to taxpayers.

In the final analysis, systems may be well constructed and efficient, but if the personnel responsible for executing the tasks are unmotivated, uncommitted and indifferent, the entire effort at quality improvement is nullified. Manpower development and training are therefore imperative in order to develop the professional knowledge and organisational management skills required of today's managers. Besides upgrading the technical skills in tax work, there's equally an emphasis on developing motivational and change management skills, customer relationships, computer skills, etc.

The setting up of the National Tax Academy is another milestone in the history of the IRD as this is the first ever institute on taxation established in the country. To host a course on an international level within its first year of birth is no doubt a momentous occasion for the IRD. The introduction of this course comes not a moment too soon as it follows the Government's current policy to see Malaysia developed as a centre of excellence in education and learning. With the establishment of the National Tax Academy, the IRD will intensify taxpayer education programmes towards the development of a tax knowledgeable-based society that will enhance compliance. This move will certainly assist the government's efforts towards achieving its vision of a knowledge-based Malaysian society that will contribute effectively to the nation's progress.

A speech delivered at the opening of the General Tax Administration course organised by the Income Tax Department under the Malaysian Technical Co-operation Programme (MTCP) at the National Tax Academy in Bangi, Selangor, on October 9, 1995.



INDEX

- Accountability, 13, 15, 131-133
Administrative reforms, 107
Anti-Corruption Agency, 15
Asean, 13
Asean Conference on Civil Service Matters, 16
Asean-EC Management Centre, 16
Audit Department, 15
Auditor-General's Department, 124
- Barry, Thomas J., 83, 85
Benchmarking, 31
Blanchard, Kenneth, 46
Budget Division of the Treasury, 124
Bureaucracy, 115
Bureaucratic culture, 63
Business Process Reengineering, 35-38, 40
- CALS, *see* Computer-Aided Land Surveying System
CAMS, *see* Computer-Aided Mapping System
Carlzon, Jan, 68, 74
Checklists, 91
Circular on Client's Charter, 69
Civil Service Link, 26-27, 38, 44, 51, 68-69, 97-98, 101, 118-119, 126
- Client's Charter, 22-23, 44, 62, 69, 75-76, 83, 91, 108-109, 111-112, 119, 123-124, 127
Commercial Vehicle Licensing Board, 127
Computer-Aided Land Surveying System, 126
Computer-Aided Mapping System, 126
Consultative Panels, 110, 117
Contract Review, 88
Coolidge, Calvin, 83
Core competencies, 15
Counter services, 23
Crosby, Philip, 58
CSL, *see* Civil Service Link
- Department of Environment, 108
Desk File, 62, 69, 91
Development Administration Circular, 64, 113, 120
Directed autonomy, 79
Drucker, Peter, 95
- EDI, *see* Electronic Data Interchange
Effective leadership, 3
Electronic Data Interchange, 28, 44, 51, 99, 101-103, 126
Electronic databases, 96

Civil Service Reforms

- Electronic mail, 52
Empowerment, 5, 79
- Federation of Malaysian
Manufacturers, 117
Feedback Systems, 91
FMM, *see* Federation of Malaysian
Manufacturers
- Gaebler, Ted, 110
Geographical information systems,
99
GIS, *see* Geographical information
systems
GITN, *see* Government Integrated
Telecommunications Network
Globalisation, 49
Government Integrated
Telecommunications Network,
101
- Hospitals' Board of Visitors, 124
- Immigration Department, 125, 127
Information Technology, 38, 51,
100
Information-based organisations, 95
Inland Revenue Department, 100,
131-135
Innovative culture, 63
Inspection and Testing, 89
Inspectorate Teams, 84
Inspectorate Division, 124
Institut Tadbiran Awam Negara,
113, 120
INTAN, *see* Institut Tadbiran Awam
Negara
Internal Quality Audit, 89
Islam, 9-12
- ISO 9000, 45, 49, 87-91
- JARING, 98
Juran, J.M., 71
- Malaysia Incorporated,
concept, 46, 109
panel, 26
Policy, 38, 97, 116-117, 120,
122
Malaysian identity, 43
Malaysian Industrial Development
Authority, 24, 38
Malaysian International Chamber
of Commerce, 117
Malaysian Administrative
Modernisation and
Management Planning Unit,
37, 51, 103
MAMPU, *see* Malaysian
Administrative Modernisation
and Management Planning Unit
Managerial implementation, 5
Managing leadership, 9
Manual of Work Procedures, 62, 69,
91
MASTIC, 51
MBS, *see* Modified Budgeting
System
MICCI, *see* Malaysian International
Chamber of Commerce
Micro-Accounting System, 44, 127
MIDA, *see* Malaysian Industrial
Development Authority
Middle management, 81
Ministry of Home Affairs, 84
Ministry of International Trade and
Industry, 38

Civil Service Reforms

- MITI, *see* Ministry of International Trade and Industry
- MITI Textile Export System, 103
- Modified Budgeting System, 109, 127
- Moment of truth, 22
- Morning prayers, 111
- National Institute of Public Administration, *see* Institut Tadbiran Awam Negara
- National Registration Department, 100, 125, 127
- National Tax Academy, 135
- New Remuneration System, 109, 111
- NRS, *see* New Remuneration System
- One-stop investment centres, 24
- PALMOILS, 51
- Paper-less bureaucracy, 26
- Paradigm shift, 21
- Participative management, 63
- Peale, Norman Vincent, 46
- Performance appraisal, 56
- Performance measurement, 57
- Permanent Committee on Public Complaints, 119
- Port Kelang Community System, 102-103
- Procedure Manuals, 88
- Process control, 88
- Productivity status, 31
- Promotion Boards, 113
- PSN, *see* Public Services Network
- Public Accounts Committee, 15
- Public Complaints Bureau, 15, 65, 112, 119, 124
- Public service excellence awards, 111
- Public Services Network, 24, 37, 44, 51, 68, 101, 126
- QCC, *see* Quality Control Circle
- Quality Control Circle, 31-32, 62, 69, 74, 80-81, 128
- Quality Management Awards, 32
- Quality management, 80
- Quality Manuals, 88, 91
- Quality Service Unit, 84
- Quality Steering Committees, 84
- Quality Task Forces, 84
- Quality Work Teams, 84
- R&D, *see* Research and Development
- Registrar of Business, 125
- Registrar of Companies, 125
- Reminder system, 72
- Research and Development, 51
- Road Transport Department, 100, 126-127
- Royal Customs and Excise Department, 125, 127
- Royal Malaysian Police Department, 200
- SAGA, *see* Standard Accounting Systems for Government Agencies
- Service Recovery Mechanism, 22, 76, 83, 91
- SIRIM, 97
- SIRIMLINK, 51, 96-97
- SITTEDEC, 96-97
- Sixth Malaysia Plan, 51
- Standard Accounting Systems for Government Agencies, 44

Civil Service Reforms

- Strategic leadership, 13
- Sustainable development, 14
- System of Recognition and Rewards, 91
- Task Forces, 32
- Tax administration, 133
- Teamwork, 41
- Technology, 15
- Top management, 81
- Total Quality Management, 21-22, 38, 55, 57, 62-63, 71-71, 74, 83-85, 108, 112, 127-128
- TQM, *see* Total Quality Management
- Training, 68, 81
- Treasury, 15
- Value system, 85
- Values and ethics, 6
- Veterinary Services Department, 103
- Vision, 4
- Waterman, Robert Jr., 79
- Weber, Max, 115
- Work Action Forms, 69, 110
- Work Instructions, 88
- Work processes, 74
- Work Teams, 32