

IJMS 15 (Bumper Issue), 69-90 (2008)

NEW PUBLIC MANAGEMENT IN MALAYSIA: IN SEARCH OF AN EFFICIENT AND EFFECTIVE SERVICE DELIVERY

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ABSTRACT

The Malaysian public sector has undergone various transformations since the Independence. From its custodial role in the newly independent country, the public sector had changed and taken an active role in the country's economic development. However, since 1980s onwards, the philosophy and techniques of New Public Management (NPM) have been implemented in Malaysia. This again transformed the public sector from being an engine of economic growth to become a facilitator to the private sector and service provider to the public. In line with NPM's underlying belief of the superiority of business-like practices, various contemporary management practices and philosophy were implemented in the Malaysian public sector. The implantation of private sector practices in the public sector was enhanced with the introduction a performance measurement system which utilises the use of key performance indicators in 2005. Thus, the purpose of this paper is to examine and analyse the current improvement programme within the wider public sector reform programmes in Malaysia. The issues and consequences of using key performance indicators in the public sector are discussed. To understand further the reasons and the push for reform, contextual descriptions of the various phases of public sector reform in Malaysia are also discussed in this paper.

ABSTRAK

Semenjak kemerdekaan negara, sektor awam di Malaysia telah mengalami pelbagai transformasi. Bermula daripada peranan penjagaan dalam negara yang baru merdeka, sektor awam kini telah berubah dan mengambil peranan yang aktif dalam pembangunan ekonomi negara. Sejak 1980-an sehingga kini falsafah dan teknik-teknik Pengurusan Awam Baru telah dilaksanakan di Malaysia. Hal ini telah mengubah sektor awam daripada peranannya

sebagai injin pertumbuhan ekonomi, menjadi fasilitator kepada sektor swasta dan pemberi perkhidmatan kepada pihak awam. Selaras dengan kepercayaan bahawa amalan perniagaan adalah lebih baik, pelbagai amalan dan falsafah pengurusan semasa telah dilaksanakan dalam sektor awam di Malaysia. Penerapan amalan sektor swasta dalam sektor awam diteruskan dengan pengenalan sistem pengukuran prestasi yang menggunakan indeks prestasi utama pada tahun 2005. Artikel ini bertujuan untuk menilai dan menganalisis program penambahbaikan yang terbaru dalam pembaharuan sektor awam dengan lebih meluas. Isu dan akibat penggunaan indeks prestasi utama dalam sektor awam turut dibincangkan. Untuk memahami tujuan dan dorongan pembaharuan, gambaran berkonteks setiap fasa pembaharuan sektor awam di Malaysia juga dibincangkan dalam artikel ini.

INTRODUCTION

The Malaysian public sector has undergone various transformations since the Independence. From its custodial role in the newly independent country, the public sector had changed and taken an active role in the country's economic development. However, since the 1980s onwards, the philosophy and techniques of New Public Management (NPM) had been implemented in Malaysia. This again transformed the public sector from being an engine of the country's economic growth and development, to become a facilitator to the private sector and service provider to the public. In line with NPM's underlying belief of superiority of business-like practices, various contemporary management practices and philosophy were implemented such as the quality control circle and total quality management in the late 1980s, and performance based appraisal in the remuneration system in early 1990s.

Even though there are various arguments that the implementation of the various techniques of NPM has not led to significant changes, the belief that the private sector practices could improve efficiency and effectiveness of the public sector seems unabated. The implantation of private sector practices into the Malaysian public sector is further enhanced with the introduction of a *performance based culture* for public sector organisations in early 2005. The government issued a directive which requires all public agencies to formulate, evaluate, and report their key performance indicators (KPIs) and their associated benchmarks. It was argued that the use of KPIs is one of the techniques to improve the service delivery system. In addition, the implementation of a performance based culture is seen as one of the criteria to ensure that the Malaysian public sector would attain a world class status¹ (DAC 2/2005).

After nearly 20 years of improvement programmes, the Malaysian public sector continues to suffer from, among others, inefficiency and the lack of financial discipline and accountability (Siddiquee, 2006). Thus, the purpose of this paper is to examine and analyse the new performance measurement system and posit it within the wider context of public sector reform in Malaysia. In so doing, an analysis of the issues and consequences of the new performance measurement system is undertaken. To understand further the reasons and the push for reform, contextual descriptions of the various phases of public sector reform in the Malaysian sector are also discussed in this paper.

PRE-NPM: THE MAINTENANCE AND DEVELOPMENTAL ADMINISTRATION

The reform in the Malaysian public sector started after the country gained independence. The British colonial administration was custodial in nature and it played a limited developmental role. Its main function was collection of revenue and maintaining law and order. Even after the country gained independence, the custodial nature of public sector inherited from the British administration remained unchanged and continued until the 1960s (Joon-Chien 1981; Abdul-Karim, 1995; Abdullah Sanusi, 1997). The main change undertaken from the colonial legacy was Malayanising the bureaucracy, i.e. by replacing the expatriates with Malayan civil servants. By 1963, only 9.2% of the officers were expatriates as compared to 67% in 1957, the year the country gained independence (Abdullah Sanusi, 1997).

The Malayan public sector, with its limited role, had been unable to respond to the changes of the newly independent country. Greater range of goods and services were provided by the new government to its people as compared to the colonial administration. Subsequently, there had been substantial increased in public sector development spending (Joon-Chien, 1981). For example, the country had implemented two development plans by the year 1965. Furthermore, the formation of Malaysia in late 1960s and the implementation of a new economic policy with the objectives of eradication of poverty and redressing the economic imbalances between the different ethnic groups in the country, had increased the pressure for the public sector to expand its role so that the country's social and development plans could be successfully implemented.

Consequently, the public sector had widened its scope. The function of the public sector has changed from those of the colonial administration

to the one directly involved in economic development of the country. In view of the weak private sector, the government has established public enterprises (PEs) to lead the developmental programmes. The number of public enterprise increased from just 10 in 1957 to 659 in 1988, and over 1,000 in the 1990s (Alam & Rafsanjani, 1997). By the 1980s, beside the centrally planned economies, Malaysia had the largest number of PEs in the world (Alam & Rafsanjani, 1997). The establishment of these PEs means that the government is the main supplier of the public goods and services.

In addition, various government agencies and units were established to facilitate the reform and help the public sector manage the changes of their scope and function. Among those agencies established were the National Training Institute to train public sector employees in the area of developmental administration and Malaysian Administration Modernisation Management Planning Unit (MAMPU) whose role is to identify major issues and suggest recommendations to overcome problems of public administration (Abdul Karim, 1995; Abdullah Sanusi, 1997; Trezzini, 2001). With the establishment of these various public enterprises, agencies, units, and institutes, the size of public sector burgeoned in the Malaysian economy. The number of public sector employees rose from 139,476 in 1970 to nearly 521,818 in 1983. The government's contribution to GDP had increased from 29% in 1970 to 58.4% in 1981 (Alam & Rafsanjani, 1997). The reform in public sector took a twist starting from the early 1980s which resulted in the transformation of role of the Malaysian public sector. From playing an active role in the country economic development, the public sector is now a facilitator to the country's economic development.

NPM Era: The Managerialisation of the Public Sector

In Malaysia, the move toward NPM was precipitated by various factors, one of which is the incumbency of Mahathir Mohammad as premier in 1981. Within two years of his premiership, two crucial policies were implemented, i.e. the Look East policy in 1982 and the Malaysian Incorporated and Privatisation policy in 1983². These policies acted as the catalysts for the transformation of the role, function, and scope of the public sector (Noruddin, 1999; Triantafillou, 2002). That period was also characterised by a worldwide international trend of privatisation of public services. In addition, the philosophy of market ideology and economic liberalism were advocated by external institutions such as the World Bank and IMF (Alam & Rafsanjani, 1991).

Besides these external changes, there were also internal factors that pushed for NPM in Malaysia. One of those factors was the fiscal

deficit faced by the government. As opposed to the economic growth of the prior decade in Malaysia, the early 1980s was characterised by slower growth and budget deficit. The privatisation policy was implemented with an explicit purpose of reducing the size of the public service which had subsequently decreased the financial and administrative burden of the government while injecting capital funds for development (Alam & Rafsanjani, 1997; Abdul Karim, 1995). As mentioned, during the prior decade, the Malaysian public sector played a key and central role in the nation's socio-economic development and public enterprises were established to attain that objective. Subsequently, the size of the public sector was huge. Privatisation of government enterprises and agencies had reduced the size of the public sector.

The problematic performance of the public agencies, created during the 1970s, was also one of the factors that pushed NPM in Malaysia. These public enterprises were heavily affected by severe recession during the middle of the 1980s. The performance of PEs was not as expected and some of them faced financial problems. As a result, there were calls to review the size of the bureaucracy and its operations (Abdul Karim, 1995). There were also negative sentiments against direct participation and reliance on the public sector in economic activities. To sum up, the fiscal deficit faced by the government, the problematic performance of the public enterprise coupled with to the shift in attitude toward public sector and also the civil service, provided the conditions for the privatisation policy and the seeds for NPM. The withdrawal of the public sector from economic development meant that the role of the public sector changed drastically from being a key agent of development to being a facilitator to the private sector and to the general public at large. Consequently, efforts were made to improve the public service delivery system. Various administration improvement programmes were introduced in the public sector.

Improving Service Delivery: From Citizen to Customer Orientation

Concurrent to the implementation of the privatisation policy, the efforts to improve the public sector to be more customer-focused, results oriented, responsive, accountable, and innovative took off during the later part of the 1980s. The managerialist orientation of the public sector was further ingrained in the 1990s with the quality work culture movement with its underlying philosophy of enhancing the quality, efficiency, and effectiveness of the public services. Beginning in 1991, Developmental Administrative Circulars (DAC) and circular letters pertaining to improvement in public sector were issued by the

Chief Secretary on behalf of a panel on administrative improvements to the civil service. The panel was formed with the objective of planning and facilitating the reform (Abdul Karim, 1995, 1999). The members of the panel were the heads from selective agencies and it was chaired by the Chief Secretary to the government, who was also the head of the public service department.

From 1991 to 2007, 32 administrative improvement circulars and circular letters were issued, of which 11 were issued in 1991 alone. The list of the all the development administrative circulars and circular letters issued is listed in Appendix 1. These administrative circulars formed the basis of administrative reform. It covered micro matters such as improving quality of official phone calls, guidelines on conducting meetings, strategies to improve quality, establishing the quality control circles and etc. The guideline to improve and inculcate a quality work culture culminated with the introduction of total quality management in 1992 and benchmarking in 1999.

Civil servants are now encouraged and expected to behave like managers of business organisations. Similar to the private sector, civil servants are supposed to think and treat the citizens as customers of their services. As such, public agencies were required to establish their respective client charter since 1993 to represent their written commitment toward the provision of services to their clients (DAC 3/1993).

In addition, eight principal strategies³ have been deployed to advance the reform in order to increase the efficiency of the public sector. A more result oriented system of appraising performance of civil servants was instituted in early 1990s. The system, which sought to provide incentives for individual efforts, was criticised due to claims of the lack of transparency, subjectivity in employees' assessment, and also patronage and favouritism. It was subsequently replaced by a new system of performance appraisal. Hence, the move toward an efficient and effective public sector was undertaken through improving the processes, systems, and procedures and also by inculcating the accountability, quality values, and philosophies within the civil servants (Ahmad Sarji, 1995).

The consequences of managerialisation of the public sector has brought along with it attitudinal changes toward the private sector and the public at large. The traditional ethos of civil service could be gleaned from the following excerpt of a speech given by a senior civil administrator to newly recruited Malayan civil servants in 1959 (cited in Tillman 1964, p.113, as quoted in Triantafillou, 2002, p. 192).

In the social circle you have to choose your friends carefully so that no one can say that you are in a position to show favour to them in your official capacity. While there is every reason that you should be civil and on good terms with members of the general public, it certainly not desirable that you should always been seen in the company of towkays [Chinese merchants] and the business officials. You must strive to maintain your dignity, to be honest and above all to avoid a situation in which you are open even to the faintest breath of suspicion about your integrity.

Compare the above statement with the following quote by the former Chief Secretary to the government and also the head of the civil service from 1990 to 1996:

There is a rethinking of the mode of operations of the civil service in Malaysia. A shift from a rule-bound bureaucratic tradition to a more proactive, flexible and adaptable style has become imperative under the Malaysian Incorporated concept. In the past public-private partnership was characterised by arms-length dealings. Under the Malaysian Incorporated concept, the stress is being placed on the public and private sector as partners in development. The Civil Service also operates in an era where the customer is paramount (Ahmad Sarji, 1995, p. 267)

In 2003, Mahathir Mohammed resigned and Abdullah Badawi took over as the Prime Minister. Even though there have been changes in certain key policies under the new Prime Minister, the belief that private sector practices would improve the efficiency of the public sector seemed unabated. One of the tools used to improve service delivery is the use of key performance indicators in public organisations.

Improving Service Delivery: The Use Key Performance Indicators

With the belief in the superiority of the private sector practices, it is not surprising that the fundamental concept of NPM is the conviction that the public sector should utilised the practices of the private sector (Hood, 1995; Mascarenhas, 1996). One of those practices is the use of a performance measurement system, with its associated key performance indicators (KPIs) to improve the effectiveness and efficiency of the public agencies, delivery system. As a result, various states and governments at all levels had spent time and money on

performance measurement and assessment of their agencies (OECD, 1996; Shah, 2003). This is also true in Malaysia which has accepted the philosophy of NPM since the 1980s. Continuing the effort made under the previous administration, the new administration embarked on instilling a performance based culture in civil servants through introducing a system of KPIs for public agencies. A directive was issued in 2005 instructing all government agencies to use KPIs and their associated benchmarks. The use of KPIs is seen as one of the tools to strengthen the public sector's institutional and implementation capacity, which is one of the strategic trusts of the 9th Malaysian Plan (EPU, 2006). As such, by 2010, almost all public agencies in Malaysia are required to implement the KPI system (EPU, 2006).

The system of KPIs had been established for government linked-companies (GLCs) a year earlier. A three year contract based employment renewal on the basis of performance was also instituted for the senior management of GLCs. However, the KPI system does not represent a revolutionary change since assessing the performance and accountability of the public sector is new in Malaysia. Various tools and techniques to enhance and evaluate performance had been previously put in place. One of the earlier attempts was the use of performance planning budgeting for public agencies. A more recent example, prior to the use of KPI, was the implementation of individual's annual work objective to measure individual performance.

How performance of the Malaysian public sector is to be assessed under the new KPI system? The view of the Malaysian government is that public agencies in Malaysia are to be measured in terms of (i) the efficiency and effectiveness of the process of service delivery, (ii) the human resource and financial productivity, and (iii) the customers' satisfaction toward the service received (DAC2, 2005, p. 10). KPIs should be formulated based on the agency's current process of service delivery. The performance indicators should be i) specific, (ii) measurable, (iii) achievable, (iv) realistic, and (iv) time bound. The performance targets set can be based either on the agency's workload, past experience, their existing capability, or trend analysis. The process of measuring performance is illustrated in Appendices 2 and 3.

However, from the examples of KPIs provided in the circular to measure efficiency and effectiveness (such as waiting time at the counter, time period of responding to customers, service delivery cycle, percentage of mistakes and outputs produced within a specified time frame) showed that the emphasis was more of output and activity measures rather than effectiveness and efficiency measures.

Performance is to be assessed every quarter. An analysis of the (i) performance of each service delivery, (ii) reasons for the variances, and (iii) recommendations for corrective actions and improvement are to be undertaken. However, during the early stage of using KPIs, MAMPU, the agency responsible for administrative development and also involved in coordinating the implementation of KPIs, did not monitor the reports made by the organisations that had adopted the system. The KPI report is used only for internal purposes. As such, benchmarking of an organisational performance relative to others, even those within the same ministry or agency, was not required.

The *modus operandi* for introducing and implementing KPIs in public organisations is similar to the way Performance Planning Budgeting and Modified Budgeting System were undertaken. KPIs were implemented in several pilot sites prior to it being introduced to all public agencies. MAMPU did a pilot project of KPIs with an initial implementation in six government organisations. These organisations were a state hospital, national registration department, municipal council, police unit, immigration department, and land office. MAMPU worked with these organisations in developing and formulating the KPIs. Subsequently, the briefings of the KPI system to other public agencies were undertaken by the individuals from these pilot organisations.

ISSUES AND CONSEQUENCES IN USING KPIS TO IMPROVE SERVICE DELIVERY

As mentioned, the underlying belief of NPM is that private sector practices should be utilised in the public sector to enhance their efficiency and effectiveness. However, to implant private sector practices such as a measurement system in the public sector would be very challenging. For commercial organisations, even though explicitly, the interests of various stakeholders are deemed to be vital, the ultimate objective is profitability, or in whatever economic terms it is couched. The interests of various stakeholders (employees, customers, etc.) are the means to the final end of achieving economic profitability. However, public organisations have various types and levels of constituents with differing values, needs, and expectations (Thor, 2003; Proper & Wilson, 2003). Their stakeholders' ranges from among others, the recipients of services, the providers of funds, politicians, other levels of government, and NGOs. As such, public sector employees have several ends to achieve. Thus, measuring performance in the public sector is problematic as noted by Curristine (2005, p. 12):

What is meant by performance in the public service context, and how can it best be measured? Should a service be judged by, say, its accessibility or its financial cost, and who should do the judging? How can moves to increase the managerial responsibilities and decision-making powers of public servants be reconciled with democratic control and effective auditing procedures?

Some authors have maintained that the criteria in evaluating performance for public agencies are “(a) whether the public manager is doing the right things – that is, delivering services consistent with citizen preferences; and (b) whether they are doing it right – providing services of a given quality in the least cost manner” (Shah, 2003, p. 18-19). To determine whether public agencies are doing the right thing, the following questions need to be answered (Shah, 2003, p. 19):

- (i) Efficacy test: Are the programmes achieving the agreed objectives?
- (ii) Efficiency test: Are the resources used economically?
- (iii) Alternate service delivery test: Does the public manager provide the right incentives for forging appropriate partnership of contracting within and beyond government? What activities are programme should or could be transferred in whole or part to the private and /or voluntary sector?
- (iv) Money worth test: Is the general public receiving the best value for its tax dollars?

Thus, assessing the number of output and duration in service delivery would not totally enhance performance, and improve governance and accountability. Ultimately, performance is assessed in terms of its compliance to the measurable outcomes rather than whether it has improved performance and enhanced justice (Dubnick, 2006). In addition, the time and discipline needed to measure and collect data of these indicators means less time could be devoted on the promised objective of improved performance (Dubnick, 2006). The absence of an adequate IT infrastructure in the Malaysian public sector to facilitate the collection and reporting of data means that precious time would be spend on data collection, which would hinder the civil servants from performing the more relevant activities.

This is illustrated from the insights gained from a research undertaken by Kuhlman (2003) on performance measure and benchmarking activities in local authorities in Germany. He found that a performance measurement system is time-consuming. The officers of the local authorities have to spend time in updating their reporting system

which hindered them from doing their other relevant activities. Subsequently, the officers stopped benchmarking their activities as they felt that the measurement system provides little tangible benefits. The same thing happened in another study undertaken by Siti-Nabiha and Scapens (2005) who examined the implementation of KPIs in a state-owned multinational company. The process of collecting and uploading data to the company-wide information system is laborious. When the key people involved in uploading the data is busy, the system was not updated. As a result, the information system that provides the information of KPIs was not used by the organisational members since it is not up-to-date.

Besides the time needed for data collection, the implementation of KPIs in the Malaysia public sector does not present a major revolutionary change for public agencies. KPIs are supposed to be used to monitor, assess, and subsequently improve an agency's performance. Performance is assessed based on duration of time needed in providing services to the general public and the outputs produced within a specific time. As such, most of the indicators formulated in all pilot sites focused on duration of time in providing services to the customers and the number of outputs produced during a specified time period. Thus, assessment of whether public agencies are achieving their objectives and whether they are using their resources economically is not required. Outcome, cost effectiveness, and alternative delivery test measures are not formulated by the respective agencies. Of the six pilot agencies that implemented KPIs, only one organisation formulated indicators that measure cost of providing services. However, the indicators were not used to assess cost effectiveness of service delivery.

It is doubtful whether public agencies in Malaysia face pressures to meet their performance targets. Firstly, there is no monitoring mechanism to ensure compliance by the agencies, i.e. in ensuring the agencies formulate KPIs and use them to assess their performance. Secondly, even though the KPI data are to be collected, reported, and analysed every quarter, these reports are used only for internal purposes. Even the central unit responsible for KPI implementation is unsure whether the KPI reports will ultimately be monitored by them or by the respective ministries. Currently, there is no directive or requirement for the public agencies to send the report to outside parties.

In addition, the KPI assessment system is not required to be implemented in all departments of the organisation. Only those

officers and departments that provide counter service and deal with the public have to formulate the KPIs. Other departments are not required to formulate KPIs and assess their performance. From preliminary research in the two pilot sites (a national registration department and a local authority), the head of both organisations felt that it was not necessary to have KPIs for other processes.

Since the government does not monitor the performance of public agencies, it seemed that there will not be any penalties for non-compliance or for not attaining the performance targets. Thus, whether and how KPIs are to be implemented in various agencies depends on the head of the agencies themselves. Nevertheless, the use of KPIs may lead to increase in accountability of the agencies and also its officers. The KPI data provide visibility and transparency of the individuals' and agencies, performance. The head of the two organisations of the pilot sites did not use the KPI data to penalise their staff. However, in both organisations, the data from the KPI system provided information regarding the individual output and the responsibility of their officers in the process of service delivery. Such data were used in the two organisations to improve their service delivery in terms of faster time to provide service. It was also used as a basis for a better allocation of human resources in those organisations. The heads of the organisation now have the data which can be used to determine allocation of staff to the various sections as noted from following comment:

In 2005, the number of people who came to do their identity card amounted to 15,000 in a month. Our workforce for that particular section is 5 people. Now, the application is not even 3,000 in a month. So, for other departments that did not use KPIs, they just continued with 5 people. That's why we see some are chatting etc. Why, the workload is not much. What I did is I took the average for the past three months, January, February and March and I found that average application for identity card is about 2,800 or 3,000. So, I reduced the staff from 5 to 2 persons... I send them to the other sections.
(Head of a national registration department in one of the states)

Whereas in a local council, there is faster service delivery of several processes as noted by the coordinator of the KPIs at the local council:

To improve the quality of our service delivery, when we see something that can be simplified, we do it. When the mayor said we can approve it (a certain process) within 24 hours, the

departments were really shocked. Some of them said, "some of us have to wear our underwear on the outside... we have to be like Superman". Then the mayor said, "Try it first". We did manage to reduce it to 24 hours... Some process we reduced from 3 days to 24 hours.

Thus, the issue here is whether the benefits of KPI system override the costs of implementing the system. The KPI system provides the data for the head of the organisation to make a better allocation their human resources and also provide improvement in service delivery. The data have also been used to objectify their decisions to their subordinates. However, one drawback from the system is the amount of time and resources need to be invested for data collection. Would it be sustainable for public agencies to do it? Subsequently, would the KPI system be implemented in name, but not used in practice?

Previous experiences of performance assessment systems have not been encouraging. Performance Planning Budgeting (PPB) was a case in point. The problems and implementation issues of PBB were discussed in depth by Xavier (1996) and Joon-Chien (1981). PPB required the evaluation of public agencies' programmes and activities. In so doing, information on various programmes was needed. However, programme evaluation was relatively not undertaken. This was because public agencies implemented PPB mechanically with the main focus of complying with the formats and procedures. As a result, PPB, in the way that it was implemented, did not lead to changes since there was no integration between budgeting and planning functions in public sector agencies. The data provided from the system were not used or were not utilisable. Additionally, there was also the fear that information on programme performance would be used to penalise the managers (Xavier, 1996).

Due to its failed implementation, PPB was reformulated as Modified Budgeting System. The objectives of MBS are to ensure the attainment of organisational objectives and to improve planning and budgetary accountability which ultimately would result in a greater decentralisation of authority. Consequently, the relevant departmental managers would have greater autonomy in financial management. However, it has been claimed that middle levels managers were reluctant to make decisions, whereas, the treasury still wanted to maintain control (Common, 2004). Furthermore, the issue of financial discipline and mismanagement of public funds continued to besiege the Malaysia public sector as illustrated in the Auditor General 2006 Audit Report. The financial management of public agencies have to be further improved (Auditor-General Report, 2006)

CONCLUDING COMMENTS

The techniques and underlying philosophy of New Public Management (NPM) have been accepted and implemented in both developed and developing countries. The fundamental concept of NPM is the conviction that the public sector should utilise the practices of the private sector (Hood, 1995). Malaysia has accepted the philosophy of NPM since the 1980s with the implementation of a privatisation policy and various administrative improvement programmes. Have all the new programmes and directives been meaningfully adopted given that reform of the public sector in Malaysia is mainly top-down originating from the executive level? Is the Malaysian public sector more effective and efficient? Most of the account of impact and consequences towards managerialisation and accountability in Malaysia are based on official self-descriptions (Trezzini, 2001). After so many programmes for improvements made in the last 20 years, the search for efficient and effective delivery has not produced a major impact. There is, nevertheless, improvement in terms of the speed in delivering services. However, the core issues of governance and accountability have not shown much progress. The Malaysian public sector continued to be impeded with a host of problems including the lack of financial discipline and accountability (Auditor-General Report, 2006)

Previous attempts to assess performance of the Malaysian public sector in order to improve their efficiency and effectiveness have limited success. The system of KPIs is a continuation of the managerialisation of the Malaysian public sector. However, in its present form, the system does not present a major revolutionary change for the Malaysian public agencies. It is the continuation of previous administrative improvements, such as implementation of ISO 9000, and improvement of administrative work process and procedures. There are numerous studies in other countries that showed that increased pressures for public agencies to meet their performance targets had generated unintended consequences (Proper & Wilson, 2003; Thiel & Leeuw, 2002). Research evidence also found that reporting of measures might not be accurate and the performance can be better or worse than reported. The KPIs and assessment system of the Malaysian public sector seemed to deal mainly with administrative improvement. It is expected that the new system would not lead to significant changes in the culture toward achieving efficiency, financial discipline, and accountability of the public sector.

END NOTES

1. Beside performance based work culture, other areas to be focused on in the attainment of world class status are: mind and attitude that strives for excellence, noble ethics, knowledge and skill-based human resource development, and strong leadership capability.
2. Subsequent details and formalisation of these policies were the privatisation guidelines in 1985 and the Privatisation Master plan in 1991.
3. The eight strategies are: providing customer oriented services, improving systems and work procedures, upgrade use of IT, strengthening the public-private cooperation, streamlining organisational structures, improving organisational structures and human resource development, enhancing accountability and discipline, and inculcating values of excellence.

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Appendix 1: List of Developmental Circulars and Circular Letters Issued by The Government

Development Administration Circulars

1. Development Administration Circular No.1 of 2007
Pelaksanaan Sistem Perakaunan Berkomputer Yang Standard Di Badan-Badan Berkanun Persekutuan
"Standard Accounting System For Government Agencies" (SAGA)

Amendment : Development Administration Circular No. 1 of 1996
2. Development Administration Circular No.1 of 2006
Public Service Innovation Award

Amendment : Development Administration Circular No. 3 of 1991
3. Development Administration Circular No. 2 of 2005
Guideline On Establishing Key Performance Indicators (KPI) And Implementing Performance Assesment At Government Agency
4. Development Administration Circular No. 1 of 2005
Guideline to Form A Customer Service Office At the Government Agency
5. Development Administration Circular No. 1 of 2003
Guideline On Procedural Use of Internet And Electronic Mail at Government Agencies

Amendment :
Development Administration Circular No. 2 Of 1993

- Development Administration Circular No. 2 Of 1993
(Amendment No. 1/2000)
- Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1996)
- Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1995)
- Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1993)
6. Development Administration Circular No. 2 Of 2002
Guideline On Award For Excellent Service Of Civil Service
Staff Members
Amendment :Development Administration Circular No. 2 Of
1993
Development Administration Circular No. 2 Of 1993
(Amendment No. 1/2000)
Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1996)
Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1995)
Development Administration Circular No. 2 Of 1993
(Amendment No. 1/1993)
7. Development Administration Circular No. 1 Of 2002
(Attachment & Diagram 8)
Guidelines On The Review Of The Work Procedures And
Processes In Government Agencies
8. Development Administration Circular No. 1 Of 2001
Guidelines On Implementation Of Law Enforcement
Monitoring System At The District Administrative Level
9. Development Administration Circular No. 1 Of 1999
Guidelines On Implementation Of Benchmarking In The Civil
Service
10. Development Administration Circular No. 1 Of 1997
Guidelines For The Establishment Of The National
Infrastructure For Land Information System (Nalis)
11. Development Administration Circular No. 2 Of 1996
Guidelines For Implementing MS ISO 9000 In The Civil
Service
12. Development Administration Circular No. 1 Of 1995
Use Of Information In Application Forms And Specific Criteria
In Decision Making

13. Development Administration Circular No. 3 Of 1993
Guidelines On Client's Charter
14. Development Administration Circular No. 1 Of 1993
Guidelines On Morning Prayers
15. Development Administration Circular No. 4 Of 1992
Managing Public Complaints
16. Development Administration Circular No. 3 Of 1992
Manual On Micro Accounting System (SPM)
17. Development Administration Circular No. 2 Of 1992
Guidelines On Planning And Preparation Of Development
Projects
18. Development Administration Circular No. 1 Of 1992
Guide On Total Quality Management In The Public Service
19. Development Administration Circular No. 11 Of 1991
Guide On Procedure For Usage Of Work Action Form
20. Development Administration Circular No. 10 Of 1991
Guidelines for the Improvement of the Quality of the Counter
Services
21. Development Administration Circular No. 9 Of 1991
Guidelines On The Implementation Of The Malaysia
Incorporated Policy
22. Development Administration Circular No. 8 Of 1991
Guidelines on the Manual of Work Procedures and Desk File
23. Development Administration Circular No. 7 Of 1991
Guidelines on Quality Control Circles (QCC) in the Public
service
24. Development Administration Circular No. 6 Of 1991
Guidelines on Productivity Improvement in the Public Service
25. Development Administration Circular No. 5 Of 1991
Guidelines On The Scheduling System (SIAP)

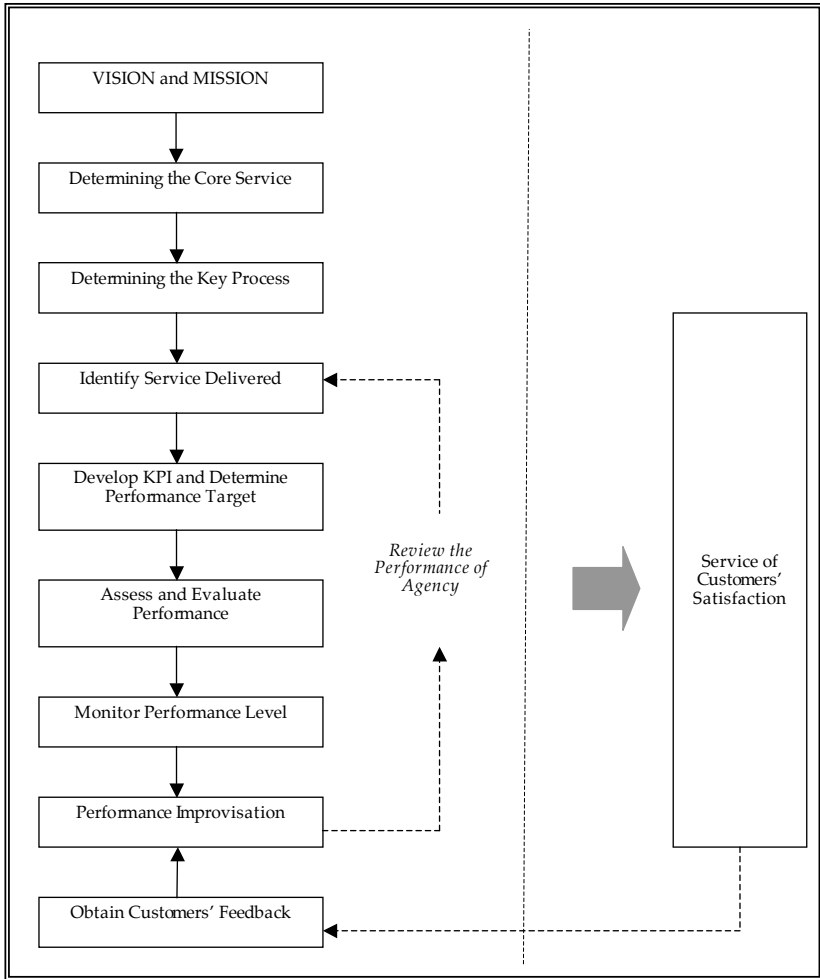
Amendment : Development Administration Circular No. 5 Of
1991 (Amendment No. 1/1993)

26. Development Administration Circular No. 4 Of 1991
Guidelines on Strategies for Quality Improvement in The Public Service
27. Development Administration Circular No. 2 Of 1991
Guidelines on The Management of Meetings and Government Committees
28. Development Administration Circular No. 1 Of 1991
Guidelines For The Improvement Of The Quality Of Services Rendered Through The Telephone

Development Administration Circular Letters

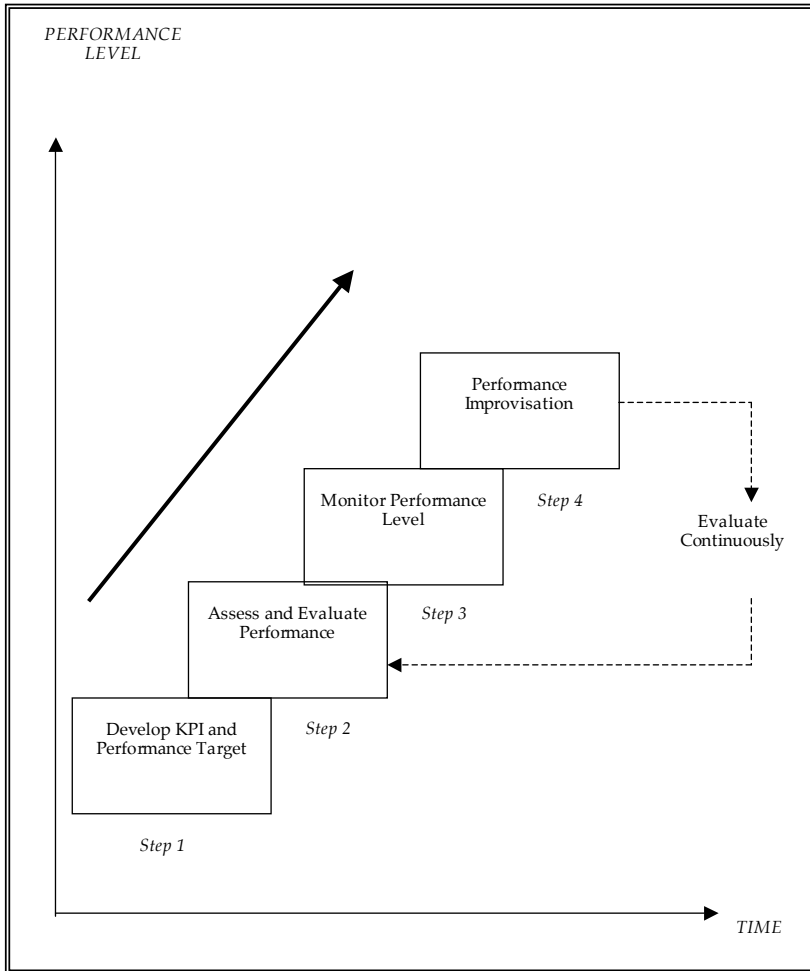
1. Development Administration Circular Letters No. 2 Of 2002
Guidelines For Implementing MS ISO 9000 In The Civil Service
2. Development Administration Circular Letters No. 1 Of 2002
Enhancing The Effectiveness Of Management Of Public Complaints
3. Development Administration Circular Letters No. 1 Of 1997
Guidelines On The Implementation Of MS ISO 9000 By The Government Agencies
4. Development Administration Circular Letters No. 1 Of 1994
Guidelines on the Implementation of the Service Recovery System

Appendix 2: Process-Based Performance Assessment Model for Government Agency



(Source: DAC 2/2005, p. 9)

Appendix 3: Steps in Developing KPI and Implementing Performance Assessment at Government Agencies



(Source: DAC 2/2005, p. 7)