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Diminished allure

Bhupinder Singh

SUSANA Goh of Sandakan, Sabah, worked as a temporary teacher for 18 years for a monthly pay of RM695.

She then underwent a special holiday training course and graduated as a trainee teacher in three years. Hoping this would be her ticket to better prospects, she applied to the Education Ministry in 1998 to be put on a higher pay scale.

She was in for a shock. The ministry offered her a job with a salary of RM530, much lower than what she was getting as a temporary teacher. Her shortcoming - she did not have a credit in Bahasa Melayu at the Sijil Pelajaran Malaysia (SPM) level. Goh was given five years to obtain the credit, failing which her appointment would automatically be terminated.

With an unemployed husband and two schoolgoing children, she is worried. What would happen if she failed to get that elusive credit that could change her life in her remaining 10 years in the Malaysian civil service? Stories like hers are not all that rare in the public sector. The civil service was once considered the place to work in as it offered good pay, respectability and job security. 'In the old days, a pre-condition to marriage was that the suitor have a job in government service!' says Siva Subramaniam, president of the Congress of Unions of Employees in the Public and Civil Services (Cuepacs). 'If he didn't, there was little chance of marriage.'

Today, the public sector offers secure employment but the honour and respect it used to command in the old days have somewhat diminished. Instead, the more vibrant private sector, with its prospects of higher salaries and better career development opportunities has cast a strong impression on the minds of the Malaysian public.

So strong is the draw that the government now sees the brain drain from the public sector to the private as a possible problem. Subramaniam too does not dismiss this possibility.

'While the public sector is still able to attract people because of the pension, medical benefits and job security it offers, the service has an ageing workforce, which is worrying. New graduates do not want to join the civil service as the job-seeking concept amongst the new generation has changed,' says Subramaniam.

'Graduates today prefer to work in the private sector because they can earn much more. This sector usually pays employees for their productivity, knowledge and skills and offers benefits such as annual bonuses, profit-sharing and paid holidays while the government offers annual salary increments and performance bonuses under the National Remuneration System (NRS),' which Subramaniam says is open to abuse.

'So there is an incentive for private-sector workers to work harder because they get direct benefits in the form of overtime pay, for example,' he adds.

The government salary structure is based on the pyramid system for promotion purposes and the main casualties of this system are professionals such as doctors, lawyers and engineers, whose pay levels change at a fixed rate annually although they may have gained extensive experience over the years.

A doctor with five years service in the public sector would make about RM2,800 a month while a doctor in a private clinic would easily earn double.

The Prime Minister himself makes about RM24,000 a month with pay and allowances, which is about what a second board manufacturing company's or mid-size bank's chief executive officer would make. And that's not counting the perks, bonuses, overseas trips, etc.

The government's ability to meet higher salaries is limited by its ability to earn revenue from taxation and charges. Hence, the kind of flexibility the private sector demonstrates with remunerations is not possible for the civil service in its present form and size.

This is evident if we look at the wage-earner estimates (see table). The majority of civil servants are earning below RM1,500 a month while those earning salaries above RM3,500 make up about 1 per cent of the total Federal public sector workers.

The low pay levels could give rise to problems such as corruption because of ever increasing living costs. The large disparity between wage earners in the public service and private sector and within the sectors themselves has led the Malaysian Trades Union Congress (MTUC) to propose a minimum monthly wage of RM1,200, which after much debate has been revised to RM900.

The government and the Malaysian Employers Federation (MEF) have generally rejected this proposal. Prime Minister Datuk Seri Dr Mahathir Mohamad has said that wages must be based on productivity and collective bargaining. The government is mindful of the need for wage levels to remain competitive against regional economies.

The civil service faces the challenge of modernising and adapting itself to the needs of a developing economy and changing technologies. Its present organisational structures, work processes and managerial practices cannot meet the challenges of a modern economy and society.

Deputy Prime Minister Abdullah Ahmad Badawi has said that in this age of the knowledge economy, digital technology and globalisation, the continued success of the civil service will depend on how quickly it adapts to serve the public interest more effectively. The service requires a leaner organisational structure and highly trained and experienced civil servants.

Herein probably lies the solution to the problem of low remuneration in the public sector. A smaller civil sector using technology and working efficiently with its limited resources should be more productive and allow the government to allocate more resources for salaries and decrease payouts for pensions and benefits such as healthcare. The government has adopted privatisation as a means to this end.

What is the remunerative outlook for civil servants in the immediate future? The government's ability to cater to the demands for higher wages is constrained by its need to spend on development as the economy recovers from the financial crisis of 1997. The Federal and state fiscal accounts are currently running a deficit.

The government as well as state governments will have to finance some of the development cost directly and indirectly. There will likely be an increase in public debt that will see more resources diverted to debt servicing.

This all points to a downside for civil servants but a recovering economy will mean more revenue. Whether government revenues increase more than expenditure will determine the salary outlook for civil servants. Since the government is mindful of the needs of its employees, it is likely that they can expect some changes in a couple of years, barring any shocks to the economy.

As for Susana Goh, well, she will still need to get her credit in Bahasa Melayu.

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