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SEMINAR ON MANAGEMENT CONSULTING CAPABILITY  
FOR PUBLIC SECTOR

Speech by the Deputy Prime Minister, Dr. Mahathir <sup>CP</sup>Mohamad, at the inauguration of the Seminar on the Development of In-house Management Consulting Capability for the Public Sector at the Regent Hotel, Kuala Lumpur on May 9, 1977 :

It gives me great pleasure to be able to address this distinguished audience representing many countries of the Asian region on the occasion of this international Seminar on the subject of Management Consulting Capability for the Public Sector. I feel highly honoured to be invited to share my thoughts with you on this important subject.

It occurs to me, however, that I shall be treading on grounds that I am less familiar with. Diagnosing medical problems is not the same as diagnosing management problems. The former is an individual examination, while the latter is a group scrutiny. Nevertheless, both have one common factor, the human factor. Indeed it has often been said that if you look deep into any problem you will find that at the centre of it is the human factor.

One of the most challenging tasks facing the less developed countries is the development of the human factor or human resource development. Socio-economic plans are only as good as the human resources available to implement them. The availability of high-talent manpower is crucial to the success of the implementation of any development plan.

The managerial, scientific and technical manpower required is in constant shortage while the public sector ever increases its scope. Management of the public sector is now a professional function and no longer an amateurish occupation.

The public sector in many developing countries today has expanded very fast, particularly in non-traditional areas of Government, such as in commercial and business undertakings so that management in the public sector not only has to be streamlined but has to be appropriately upgraded to accommodate the new functions and the consequent changes that the diversification of Governmental activities has brought to bear. The massive expansion of the public sector has been made largely necessary in view of the development of long-term and middle-term economic plans consistent with the socio-economic objectives of many Governments to eradicate poverty, to reduce income disparities and imbalances among the different ethnic groups and regions, to improve income levels and the quality of life of the people.

These are indeed apparently simple objectives but they are gigantic tasks, which, when translated into programmes and projects, pose tremendous challenge for re-orientation, initiative, improvements and innovations before the public service could effectively perform these new tasks. This applies particularly in the agricultural and industrial sectors where public enterprises or corporations predominate.

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with the growing complexity in the business of Government, no country, developed or less developed, can afford to ignore the need to modernize the Governmental machinery, its systems, procedures and its organisational designs.

The civil service of some of our countries has to be revamped and restructured so that it is development-oriented. Administrative reforms and modernization are imperative so that the machinery of Government is geared for development purposes.

Modern management tools and techniques have to be introduced. Coupled with this is the need to have an efficient Management Information System to provide the national Government with the right, up-to-date and timely information and data for planning purposes.

All these need highly developed manpower expertise in the national Government. The development of such expertise takes time.

For a long time, developing countries have had to contend with the utilisation of foreign consultants in the planning and implementation of large projects especially those which are tied to foreign technical assistance. Invariably, these arrangements are very costly and not always desirable because, as the spectrum of public sector management expands, we will continue to need the services of management consultants in larger proportions which will therefore deprive us of the opportunity to be self-sufficient in consultancy expertise. It also follows, that given equal competence and expertise, our indigenous consultants should be less expensive than those from overseas. However, the evolution of local consultants has not been without its birth pains. Unlike other professions, such as the medical or legal professions, there are no strict formal qualifications required for management consultants to practise in developing countries, such as in Malaysia. As such there are various disparities in competence, skills and ethics displayed by management consultants.

In view of this rather unfortunate development, the role of management consultants in national development has not been fully appreciated particularly by managers in the public sector at a critical time when developing countries in this region have embarked on policies and programmes for exploiting their industrial and agricultural development potential. In Malaysia, the various development programmes, as outlined in the Third Malaysia Plan, can provide considerable opportunity for the utilisation of management consultants. It is my belief that in order to ensure that the country and the profession benefit fully in the implementation of the Third Malaysia Plan, recognised practitioners in consultancy should establish a professional body, such as a national association of management consultants, to set and uphold standards of performance and ethics so that both Government and entrepreneurs, requiring the services of consultants can have a professional reference point with regard to the competence and merit of individual consultants and consulting firms. Such a measure would promote greater use of consultancy services which would assist in strengthening the managerial capability and productivity of the parastatal bodies (public corporations).

May I at this juncture, emphasise that the management of development implementation in developing countries is very critical to the attainment of the Government's socio-economic objectives. Therefore, management consultancy services become very vital because they assist development personnel acquire the necessary technical knowledge, skills and tools which they require to fulfil their critical roles in economic development programmes. As you are all aware, the immense expansion in industrial growth has been accompanied by an impressive development of management functions.

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In conjunction with, and to some extent as a result of this growth, management consulting generally has achieved professional recognition from Government agencies and industrial corporations in more advanced countries for its professional capability in the timely analysis and definition of problem areas; for its objective evaluation of alternative solutions and for its interpretation to management of the benefits and penalties associated with each of the alternative solutions considered.

In this part of the world, however, the rendering of management consultancy services has been hampered by several problems which can be enumerated as follows :-

- (1) Management consultants, particularly foreign consultants, find it more difficult to know the intricacies of Government procedures, institutional arrangements and decision making processes of developing countries and as a result their specific recommendations for overcoming managerial problems are not always implementable;
- (2) The fees charged are often considered excessively high though this is perhaps a controversial issue;
- (3) Managers of Government enterprises are hesitant to reveal defects of the management to consultants from the private sector and thus the core problems for which consultants were hired were never substantively dealt with;
- (4) Public sector managers do not have access to information which would assist them in the proper selection and utilisation of consultants;
- (5) In many cases managers are unable to identify the real problems concerning their organisations and do not quite agree with consultants on various phases of consulting assignments.

In view of the ever-widening spectrum of managerial activity in the public sector, it is my fervent hope that consultants and managers appreciate each other's problems and develop a common understanding on various methodologies in problem identification and the choice of alternative solutions.

I understand this Seminar will focus on these issues in order that public sector managers would be exposed to the proper role of consultants and how they may be effectively identified and selected for specific assignments. In public sector development, the proper selection and utilisation of consultants are very important because a good consultant should be able to motivate and advise public sector managers on how to organise and manage their enterprises and to increase their effectiveness by instituting important changes in the area of knowledge, attitudes and skills. Experienced consultants should be able to help their clients innovate by introducing new concepts and techniques into their organisation and to bring about substantial changes and orientation to new perspectives.

You are all perhaps aware that there is a common tendency in many industrial sectors for management to lose touch with advance management techniques and the latest scientific and technological developments. When this occurs industrial products may lose their competitive characteristics; sales may drop, production slacken and costs rise and new products may not be developed when required.

Under the continuous pressure of day to day crises, management is often unaware of the real problems behind their difficulties, or else aware but unable to develop effective solution. Hence, the need for effectively developing consultancy talents within our business environment. It is a fact that consultants, like managers in development enterprises, must be trained. One often hears of managers complaining that consultants 'borrow your watch to tell you the time'. This is often true when people decide to become consultants overnight. No one can really become an instant consultant even if he has considerable management experience behind him. Management consultancy is a full profession and a management consultant indeed has to proceed professionally in his work with a clear diagnosis of the problem areas, take his client into his confidence and only prescribe appropriate solutions which are practical and within the comprehension of his client. I am glad to note that this seminar will devote extensive coverage to the methodology for the training of consultants in the public sector and that the Asian Centre for Development Administration has invited reputable consultants from the private sector to ensure that the training will be practical, effective and impactful.

At this stage of our development in Malaysia, it is my belief that in the interests of the Third Malaysia Plan, the public and private sector consultants should collaborate, where possible, to ensure speedy and effective implementation of the various development programmes. For this reason, I think the private sector consultants should take note of the developments following this seminar in order to take advantage of opportunities for collaborative effort with in-house consultants. I believe the time has come for governments in this region to develop their own management consultants to the professional level in order to supplement the services of local and foreign consultants from the private sector.

The proliferation of public corporations, following the entry of government into the industrial and commercial ventures, signifies a growing need for talented in-house management consultants. However, the need for government in-house consultants is not just a question of filling the void but for a very important reason. We need a new breed of consultants who will be catalytic and futuristic in their perception and approach to development. They should in the first instance have a strong commitment to speed up the development process and do all that is possible to upgrade managerial performance at all levels in a professional and skilled manner. This is their developmental role and this can best be secured within an in-house organisation.

To my belief, two qualifications are indeed desired of the in-house consultant. First the consultant must be able to plan and think ahead -- into the future -- and be aware of the world environment and of developments beyond his immediate focus. Changes are growing at a fantastic rate and quite likely today's answers will not fit tomorrow's situations. This is particularly true of developing countries that are now attempting to speed up their growth process. It, therefore, becomes necessary that consultants assist the public sector planning for future development by identifying opportunities for government investments and clarifying development issues critical to government operations. The ideal consultant is one who does not merely remedy immediate problems but forestall bigger problems from emerging through diagnostic counselling.

Falling within the second desired qualification is that, the task of the consultant is not confined to problem-solving, planning or economic analysis. He is above all an educator and a teacher of management in the formal sense through contact with the personnel of the organisations he has been called upon to advise. In terms of the smooth implementation of the national development effort, the educational function of the consultant is a crucial part of his work particularly in areas where there is a true need

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for management development. A good consultant would not only analyse situations and propose answers to problems but would also leave behind an appreciation of the tools of his analysis and an explanation of the rationale behind his proposals. One has to be reminded that the best consultancy results are produced where management is best. In short, it takes an efficient manager to use a consultant effectively because in many stages of consulting work, the collaboration and cooperation of the manager is crucial to the development of impactful solutions.

I am informed that the distinguished group of participants attending this seminar have been specially picked for the job. To all the participants I wish you success in your deliberations and hope ACDA will be able to construct effective methodologies for developing management consultancy training in the interests of the socio-economic development of developing countries in the Asian region. I also hope that the seminar will enhance opportunities for greater regional collaboration among experts in management development such that the lessons of experience in development can be shared by all of us. I hope that the Asian Centre for Development Administration will continue to stimulate and facilitate further efforts towards the resolution of common development problems which have become more complex with the advance of industrialisation. Through Asian regional collaboration I hope we will benefit as partners in future development.

I wish all of you, the participants to this seminar, a pleasant stay in Kuala Lumpur.

KUALA LUMPUR,  
8th Mei, 1977.

(dikeluarkan pada pukul 2.00 petang)

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