

Competitiveness ranking drop shocks Pemudah
Malaysiakini.com
May 20, 2011

Despite all the hype and limelight focused on various initiatives of the government to transform Malaysia into a highly competitive and business friendly country, an annual report card indicates that Malaysia has failed in its attempts.

The 2011 World Competitiveness Ranking released yesterday by the Switzerland-based Institute of Management Development (IMD) ranked Malaysia 16th out of 59 participating countries - six slots lower than last year.

According to a member of the Special Task Force to Facilitate Business (Pemudah), the result came as a total surprise to the task force, which is commissioned by the government to improve its efficiency.

"This is totally out of our expectations. Both Pemudah and Pemandu (the Performance Management and Delivery Unit) have put in much effort. We thought our position would move up, rather than drop," said Chua Tia Guan (left) when contacted by Malaysiakini today.

Chua said the report was discussed at a Pemudah meeting yesterday.

"Although shocked by the result, the members accepted it positively. We need to do more, because other countries are moving much faster than us," said the economist.

The surprise, he explained, was due to the fact that the efficiency of many government agencies had improved, including that of the Inland Revenue Board and the Immigration Department.

"From what I understand as a member of Pemudah, although we are not perfect, we are not that bad as described in the report," added Chua, who is also the chairman of Pemudah's focus group on tax payment.

The IMD report was compiled from two-thirds quantitative or statistical data and one-third qualitative or perception data. The second part was obtained through feedback from the local private sector between January and April this year.

Out of the four main factors in the survey - government efficiency, business efficiency, economic performance and infrastructure - Malaysia had performed badly in first two factors.

Government efficiency drops from 9th to 17th spot

Malaysia's ranking for "government efficiency" and "business efficiency", fell from 9th and 4th to 17th and 14th respectively.

International Trade and Industry Minister Mustapa Mohamed had attributed the result to the perception of the business community.

"Malaysia 's competitiveness performance has been affected by more perception-based factors of Business Efficiency and Government Efficiency, where 90 percent of the perception data declined, affecting the performance of these two factors," Mustapa said in a statement released yesterday.

The view was shared by Chua, who opined that the perception could be shaped by prominent media reports on negative issues such as brain drain and alleged corruption in the Customs Department.

The attitude of Malaysian respondents, which is different from those in other countries, could also be the reason. Malaysians are more likely to amplify weaknesses but downplay merits," Chua explained, adding

that only 103 local respondents were interviewed by IMD.

However, independent political analyst Khoo Kay Peng holds an opposite view.

"Perception is affected by experience. The government agencies still give us the perception that you have to beg for their service. They are not facilitating your business, serving you or making things easier for you," said Khoo, who also runs his own business.

"I'm not surprised that the local private sector feels this way, because the government agencies usually give better service to foreigners. All these things translated into the perception data."

Khoo said Malaysia would see a big leap in the ranking even if there was a minute improvement in the civil service because the people would appreciate this, after bearing with poor services for years.

One of the most important measures to improve the civil service, he said, was to link remuneration and other incentives given to civil servants with their performance.

"The current system has no carrot-and-stick for them," Khoo added.

Despite the disappointing performance in government efficiency and business efficiency, Malaysia improved its position "economic performance" factor, from 8th to 7th, while its position in another factor, "infrastructure", dropped from 25th to 27th.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd
<http://www.malaysiakini.com/news/164685>