BOOSTING THE CIVIL SERVICE

EXCLUSIVE

Following the footsteps of government-linked companies, is the public sector in line for key performance indicators?

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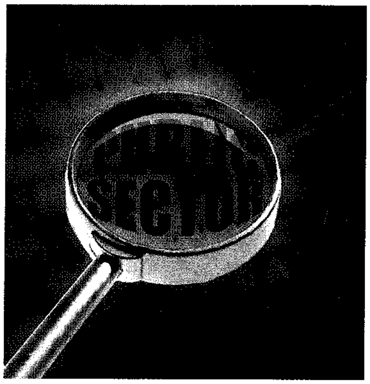

AFTER having implemented key performance indicators (KPIs) for government-linked companies (GLCs), the government is reported to be ready to move ahead with implementing a similar appraisal system for the various ministries.

It is understood that a high-level committee of at least five people, composed of competent former senior civil servants, is being set up to advise the government on implementation strategies. The mandate is to study and recommend performance-oriented goals and an accountability system for the public sector to improve the delivery system of the government. The system, once fully in place, will affect the entire government machinery vis-à-vis its delivery services.

The committee is likely to begin work in January. The desired results are to greatly improve the level of delivery services to the public.

According to a source familiar with the project, the plan is the brainchild of Prime Minister Datuk Seri Abdullah Ahmad Badawi. The Ministry of Finance will be its first target, as it plays a pivotal role in providing resources for the civil service. The committee is expected to study the various proposals spelt out in the Ninth Malaysia Plan and Budget 2006 before putting in place a solid accountability framework and implementation process for the ministry.

It is said that from the study of Budget 2006, the committee will clearly spell out deliverables for all the government ministries concerned, so that programmes will have a measurable progress report. The committee is mostly expected to measure and monitor progress based on its effectiveness in executing plans laid out in Budget 2006. In addition, the system, once deployed, will also monitor the efficiency of the various government ministries in optimising its resources to provide better service.

If it works according to plan, this may probably be the first time that an objective KPI-based appraisal system has been put in place, specifically for the government delivery system. Most people would readily acknowledge that the government's public service delivery system has been lacking in effectiveness. Some are saying it has deteriorated in recent years.

Part of the reason is the fact that good plans sometimes rarely see the light of day and monitoring is almost non-existent. World-class plans are aplenty in this country, but plans will remain mere plans as long as there is no monitoring, evaluation and accountability. A good example is the K-Economy Master-plan unveiled after a two-year delay in 2002. However, almost all of its 136 recommendations have been merely empty promises.

Thus, it would be a good time to review how effective the implementation process has been when discussing the Malaysia Plans, the Outline Perspective Plans and various policies to develop the economy. In essence, this is what the KPI strategy is supposed to achieve.

While the plan is yet to take shape, some are already questioning how effective a KPI-based system would be for the civil service or even for the 40-odd GLCs for that matter. For instance, what happens if a ministry fails the KPI test? Will there be any repercussions that ministers and civil servants have to worry about?

There are also questions if the inclusion of KPIs would result in a decrease in the government's workforce. If this happens, there would be a drastic reduction in the government's emoluments budget.

It is estimated that in 2005, the Malaysian civil service was the biggest employer in the country, with over 800,000 staff out of a total workforce of over 10 million, according to the Economic Report 2005/2006. Within the Federal Government alone, there are 27 ministries, excluding the Prime Minister's Department.

Early this year, the government implemented a KPI-based appraisal system for the various GLCs for the first time. Although the exact parameters of performance appraisal are shrouded in secrecy, the GLCs were given a clear signal that they should buck up.

In May this year, when ***Malaysian Business*** did a GLC report card tracking their performance, we were disappointed. Although commanding about RM200 billion in terms of market capitalisation, which is about one-third of the market value, most were under-performers. Return on equity (ROE) as well as debt-to-equity ratios were below par. In May, the GLCs' ROE was 11.3% compared with 13.7% for non-GLCs, while the debt-to equity ratio was 60% for GLCs as opposed to 35% for non-GLCs. mb