

TO BE CHECKED
AGAINST
DELIVERY.

Ucapan Y.A.B. Timbalan Perdana Menteri,
Dr. Mahathir Mohamad, Semasa Melakukan
Pembukaan Persidangan Nasional The
Malaysian Institute of Personnel
Management di Hotel Hilton, Kuala Lumpur
pada hari Selasa 29hb Mac, 1977 jam
9.00 pagi

PEN.3/77/155 (TH)

EMBARGO: NOT FOR
PUBLICATION OR DISSEM-
INATED BEFORE 9.00 A.M.,
MARCH 29, 1977.

PERHATIKAN
PLEASE NOTE

EMBARGO

THE PERSONNEL FUNCTION AND THE THIRD
MALAYSIA PLAN

The Third Malaysia Plan is in the process of implementation. Although it is seldom emphasised, the Third Malaysia Plan involves not only infrastructure investment, but also considerable human capital investment. Human capital investment in this respect refers not only to investments in the educational system which is approximately 9% of the Plan, in order to meet manpower requirements of the nation, but also to the production of personnel induced by the provision of infrastructure needs under the Plan. The manpower raised will have to be prepared, trained and provided with necessary skills; processes which in fact investments in human capital. Taking a global view then, Development implies a process of both infrastructure and human capital investments and development. These two investments are interdependent and complementary to each other.

The essential interdependency and reciprocity of these two types of investments in the development process means that implementation is not likely to be successful if a country faces problems in any one of these areas. Within the context of Malaysia, through a combination of local and foreign borrowing we have the capability of ensuring that our projected investment targets on infrastructure development will be realised. However, the country at the present moment, is short of technical and managerial manpower to plan and implement its infrastructure projects. This shortage will result in under-achievement of our development targets unless the government adopts a series of measures

to increase the efficiency and capacity of the implementation system through recruitment of manpower from external sources and utilise personnel in the private sectors. These options/alternatives, in varying degrees, will be resorted to under the Third Malaysia Plan. In the Plan document, we have stated quite explicitly that any under-achievement of our development targets will be due to a shortage of skilled manpower. The statement attests to our concern over this problem and a recognition that even further investments in manpower will be required in this and subsequent Development Plans.

Manpower planning can be broadly divided into two processes:

- (i) Macro planning which involves projecting the demographic trends and the structure of the economy over time and estimating the types of skills and numbers which will be required by the country as a whole both for the public and private sectors and to design systems to ensure that they are produced;
- (ii) Micro planning which involves projecting the manpower requirements of government and the types of expertise or skills required by the government to undertake its specific development programs under a Development Plan.

Both these two processes must be linked:-

The first process is now possible as the essential machinery has been set up. However the techniques available are still such as to give us only a rough approximation of our requirements.

It is the second process which is of some concern to the government. The existing system is largely departmentally organised without the benefit of a centralised agency to plan and evaluate these

requirements. The effect is that manpower in the quality and quantity demanded by various agencies at a point in time cannot be produced.

We are attempting to resolve this problem under the Third Malaysia Plan. Efforts are now underway to completely reorganise the manpower planning system of the government to ensure that shortfalls or under-achievement of the Plan is kept below 10%. The government is presently exploring several alternatives to develop an action plan. Among the alternatives is a recommendation to consolidate the Development and Operating Budgets of each agency of Government in order to develop realistic ratios/equations between manpower requirements and the scope of the development function to be executed. Another is the development of a proper system of evaluation which is objectively accurate and is based on verifiable data as well as actual physical checks by supervisory staff and authorities. These two processes will largely replace or balance present subjective reporting at briefing sessions in unquantifiable terms. Manpower planning would therefore be more accurate as the causes and effects of various factors affecting performance would be better known.

We are also working towards a forward planning capability in manpower development, whereby the manpower and skills required for a five-year development plan is projected and produced in the preceding plan. This capability on the part of the government is not easily organised on account of the complexity of governmental functions. For one thing it presumes that there is a capability to project, with reasonable assurance, both the Current Account and the Development Budget over a ten-year period. And secondly, it must also presume that there will be marginal changes in the programmatic/project goals of the government. Nevertheless, the government is presently working upon a system or methodology to determine manpower requirements for the Fourth Malaysia Plan. With this forward planning approach to manpower we hope that some of the manpower problems we faced in the Second and Third Malaysia Plan will not hamper implementation and achievement of set targets.

Generally, certain parts of procedural system of government needs to be improved. The government machinery has grown enormously in size and in scope since the country gained independence, but the general structure of the procedural system remains unchanged. Most of the procedures of Government assume a sequential activity system, i.e. one step of a procedure must be completed before another begins. This is a time-consuming task, whereas most government procedures can instead be organised more effectively on the basis of simultaneous parallel activities. Reorganisation of the procedural system along this method will shorten the development task and ensure that greater output can be achieved from the same number of personnel.

The present procedural system also causes poor and inefficient personnel utilisation. More personnel have to be distributed to perform duties which if it were simplified as in most business corporations would require less personnel input. A large number of personnel perform routine and housekeeping functions and in many instances the personnel are over-qualified in comparison to the private sector.

A system based upon improvements in management procedures achieved in the business world should have personnel or alternatively reduces costs through greater output. In effect this supply means greater productivity both in relative as well as absolute terms. There will be no decrease in personnel intake, however, as new plans can take in an increased number of projects, requiring the services of the usual staff increases.

One of the facts pointed out in the Third Malaysia Plan is that relatively speaking, public consumption in Malaysia is amongst the highest in the world. It is projected to grow at an annual rate of 12% as compared to GDP of 8.5% per annum. This trend is economically unhealthy. An unpalatable solution is to increase personal taxes.

The government is most reluctant to resort to this type of action. The only acceptable solution is again for the government to increase productivity in the public sector through changes in the procedural system and the assignment of new recruits into development related functions rather than to routine work.

The public sector has inadvertently served as a training ground for the general manpower needs of the country. A large percentage of the top personnel in the private sector, especially in the Medical and Engineering professions today, have had a certain degree of work experience with the government. In this respect, the public sector in a developing economy serves a developmental function too, i.e. in training manpower required by the private sector. There have been periods where what has been commonly referred to as a 'brain drain' situation may have occurred, i.e. supposedly mass resignations arising from frustration with the government. Some quarters insist that the situation in certain areas of the public service has assumed crisis proportions. This type of reasoning obscures the developmental character of government, namely, it trains manpower for the economy generally and the private sector apparently gain from this process at the expense of the public sector.

This is a short-sighted view. The supposedly net loss to government arising from resignations in fact represents a net gain to the economy as a whole. When personnel leave the public sector, they create new organisations and employ even greater qualified personnel which in turn generates multiplier and external effects on the economy. Although the government loses their services, their services are not lost to the nation and in addition they create subsequent economic impacts in the economy. In any case the training of personnel for the private sector by the Government is nothing unusual as is attested by the vast sums spent in this country on public education at all levels.

~~Public sector~~ employment today requires the same expertise and skills as those of the private sector. Government today not only stimulate the economy by providing for infrastructure development, but also have to design and implement complex, fiscal and monetary policies to create desired results. It also organises production systems equal to that of the private sector through its public enterprises. The tasks associated with these functions are not those of the generalists, but rather of the specialists, particularly those who have acquired techniques of analysis, planning and management. The skills of government then must be constantly upgraded, paralleling the development of the economy as a whole. Pursuant to this objective the government is spending under the Third Malaysia Plan approximately \$40 million for upgrading of manpower, particularly in the technical, professional and management areas. Our planning in this respect is to achieve excess capacity deliberately, that is to train more manpower than that immediately required for the government in order to produce sufficient quantities for the whole of the economy. In effect, we are now training the manpower requirements for both the public and the private sectors. This program should hypothetically bear results in the third and fourth years of the Third Malaysia Plan when hopefully we will not only resolve our projected capacity expansion, but have a significant amount of personnel left over and available to the private sector.

However, it should be realised that at the same time government cannot indefinitely shoulder the cost of manpower development for the private sector. The private sector must also play its part in a more positive manner. It must carry a cost function by itself for the manpower it requires for its own plans and projects. While the private sector has contributed a great deal towards the efficiency and productivity of manpower through a combination of inservice and external training; and the government is appreciative of the extent and results of their efforts, there is nevertheless a need to formalise this form of

manpower training of the private sector possibly in terms of the establishment of a Training Cess Fund. This form of manpower investment is already a feature of the developed economies such as Germany and represents a suitable system for us to ensure that the necessary skills, expertise and capability are present when the nation moves into a technological and scientific oriented economy by the '90s and beyond.

The Government is conscious of the need for a highly motivated personnel in the public sector. While financial rewards are important and we have provided for an upward salary revision in the public sector, psychological rewards play an equally important role. When an individual enters the public service, he or she must consciously accept the fact that his or her wages is not likely to be equal to his or her counterpart in the private sector. However, to compensate for this there is a much greater degree of security of tenure, greater prestige and authority, considerable fringe benefits and above all job satisfaction arising from the consciousness of service to less fortunate people and to the nation which is less likely to be felt when working for the private sector.

The psychological satisfaction can be reinforced through the development of service ethics on the part of the public sector. Indeed, one of the most important features presently absent in our public sector is a code of ethics which guides individuals and group behaviour. If this ethical code is developed and fostered over time it can in fact displace the General Orders of the government. The difference is that a service ethic internalises a set of acceptable behaviour, while the General Orders attempt to impose it through coercive means. The former is a more powerful system of behaviour development. It is perhaps time that the public service works consciously towards the development of this ethical code.

The public sector is a major institution of the country. While large numbers of individuals in it are highly motivated there is nevertheless a small core who have brought ill-repute to the public sector either through incompetence, corruption or general indifference to their work and the needs of the people. They constitute, a small minority but their actions and the consequent implications are potentially disruptive and extend well beyond their limited numbers. The government will not tolerate this situation and will seek to rectify it through due process of the law. Disciplined, highly motivated and skillful individuals are what the Government needs. Corrupt, incompetent and indifferent individuals undermine both the Government as well as other personnel. If unchecked, the public sector will deteriorate to the point of irreversibility as happens elsewhere. It is the determination of this Government to prevent this and to remove any manifestation of this cancer from the public service.

KUALA LUMPUR,
28hb Mac, 1977.

(dikeluarkan pada pukul 8.00 malam)