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I am pleased to learn that this conference has attracted more than 600 participants from the public, private and non-government sectors. I understand that there are also several foreign participants attending this conference. Your presence here today and over the next two days will definitely enrich the deliberations and discussions as to how we could strengthen public service delivery. The theme for this year's conference "Strengthening Public Service Delivery: Forging Ahead Together" is very appropriate and timely. The Honourable Prime Minister has repeatedly stressed the need to continuously seek ways and means to improve the efficiency and performance of the public sector. I am therefore pleased to share my thoughts with you this morning on this critical issue of strengthening the public delivery system.

The public service has played a very significant and supportive role in the development of this country. Its strong administrative machinery has enabled us to propel the country to a level of development that has earned the admiration of countries around the world. A capable and responsive public sector has made it possible for us to enjoy the good life that most Malaysians take for granted. During crisis situations, whether it was the Asian Financial crisis, the J.E. and SARS epidemics, the events of 1969, or the Communist insurgency, the public sector proved to be a critical backbone of the Government that enabled us to successfully meet the challenges of each period. We must therefore recognise the immense contributions made by the public sector in overcoming the many trials and tribulations in our nation building process.

During the post-independence period, the Government's focus and priorities evolved according to the needs of successive periods. By implication, this also required an evolving public sector role. In the 1960s, our focus was on rural development, which was aimed at improving the livelihood of the rural community through the provision of basic amenities, infrastructure development, opening of agricultural lands, and the establishment of industries. The launching of the New Economic Policy (NEP) in the 1970s also saw the public sector playing a leading role in poverty eradication and the restructuring of society through the establishment of numerous public enterprises and the introduction of new policies and procedures. The

industrialisation push of the 1980s saw a shift in paradigm with the increasing role of the private sector as the engine of growth. The public sector played the role of facilitator in the implementation of the government's privatisation policies in line with the Malaysia Inc. concept.

The launching of the National Development Policy (NDP) and the introduction of Vision 2020 in the 1990's, reaffirmed the role of the private sector as the engine of growth and the public sector as the facilitator in the development process. With the introduction of the National Vision Policy (2001-2010), our primary focus has shifted to strengthening national competitiveness and resilience based on a strong foundation of growth with equity for society.

In this regard, the public sector must continue its role as the facilitator to move the nation towards achieving our national objectives. It must provide the stimulus to accelerate growth of the various sectors of the economy. With the increasing expectations of the public, coupled with the demands of the external environment, we will require a public sector that is highly competent, efficient and effective.

The public sector is a heavy weight component of our national economy. Let us be reminded of the facts. It is the country's single largest employer with over a million men and women serving in the public service. It remains the largest service provider of the country - ranging from the services provided by local councils, district offices, and government agencies, to teachers, doctors, nurses, firemen, policemen and military personnel serving in schools, hospitals, fire stations, police stations and army camps throughout Malaysia. In financial terms, it has a budget that is larger than any company in Malaysia. With RM112.5 billion earmarked for 2004, the public sector budget commands the equivalent of roughly one-fifth the market capitalization of Bursa Malaysia.

It should be clear that our collective performance in managing the nation's resources will have a profound and direct impact on the well-being of 25 million Malaysians. To achieve higher standards of performance, we must ensure that our public service delivery is up to scratch and that civil servants uphold and maintain the highest standards of professional judgment, coupled with the right values, attitudes and work culture. In short, we must strive towards embedding a culture of high performance across the public sector if we are serious about meeting the expectations of the people.

We may all be familiar with what it takes to build a high

performance culture. Let me provide a helpful reminder. Firstly, high performance requires a focus on the customer. We must become highly attuned to the needs and expectations of the public, our clients. Civil servants should be constantly striving to perform at a level well beyond the expectations of clients. Rules and procedures that can sometimes be a barrier for better performance. It is the ability and willingness to "walk the extra mile", to "surprise and delight" rather than to "discourage and disappoint" that symbolizes this emphasis on customer focus.

Secondly, a high performance culture requires a focus on quality. Civil servants need to constantly evaluate the value of their output and deliverables, and whether you are in fact delivering a better service or product. Delivering the same service at a lower cost means you are becoming more efficient. Delivering better service at the original cost is a first step in improving quality. Delivering a superior service at a far lower cost, and doing this over and over again, is a sign of unwavering focus on quality. The public service has indeed focused on the issue of quality for a long time, and we have seen marked improvements in many services. What we must ensure is that we acquire the discipline, understand the tools and develop the benchmarks so that this focus on quality becomes second nature to the public service.

Thirdly, a high performance culture requires personal and professional accountability. The nature of Government is that of shared and collective responsibility. However, just as a company's performance is dependent on the performance of all employees collectively, a company will not be successful if each employee is not held personally accountable for his or her actions and performance. The failure to achieve a set of common goals or objectives is viewed as personal failures. This should also be true for the public service. Taskforces, working groups, technical committees and time honoured procedures are important mechanisms in the Government, but they should not dilute an individual's personal accountability for performance. Accountability also means the willingness to be subject to a set of performance measures and to be assessed against those measures.

A fourth characteristic of high performance is the commitment to continuous improvement. In a world that is ever changing, no organisation can survive by remaining the same over a long period of time. It has to improve, to renew and to reinvent. A high performance culture demands that workers always look for opportunities to improve so that they can create their own future, just like the learning organisation as highlighted by Peter Senge. It

never ceases to look for opportunities to improve itself, its products, its services, its processes, its systems, its technology and its people. It is never satisfied with a status quo and complacency because it knows that there is always someone waiting to take over if it falters. One reason why GE or General Electric is able to remain as a high performance organisation for a prolonged period is that it has the shared vision of being "number one" or "number two" in the industries it competes, failing which the businesses will be closed or sold off.

Last but not least, no workforce can achieve a high level of performance if it does not work as a team. Teamwork means better coordination, less duplication and fragmentation, more speed and better results. Often the complaint about government agencies is that the left hand does not know what the right hand is doing. As a result, policies sometimes seem to contradict one another. While steering committees, taskforces and working groups are used to improve coordination, many may fall short of bringing about the true spirit of teamwork.

The process of building and sustaining a high performance culture requires a transformation of the public sector and a culture change. And culture change requires bold actions and concerted efforts to reassess the way we execute our tasks, the way we measure and appraise performance, the way we link performance to rewards, the way we develop and grow talented civil servants and the way we manage non-performance.

The question that many of us may be asking at this juncture could be: if the challenge before us is truly this great, where do we start? I believe developing and sustaining a high performance culture can only begin when civil servants embrace a renewed accountability for performance. Without clear performance targets linking to the objectives of the organisation, it will be difficult to hold anyone accountable for their action or inaction. In this context, the Prime Minister and I have discussed and agreed that the public sector will benefit greatly from the implementation of key performance indicators. I would therefore urge the public sector to emulate the recent policy announced by the Prime Minister on 14 May for Government Linked Companies to adopt a high performance culture and the specific use of Key Performance Indicators (KPIs). This will help the public sector to be more focused and outcome oriented. The use of performance indicators requires a strategic shift in the current thinking and approach of managing public sector organisations from "managing with limited resources" to "achieving measurable outcomes."

However, it is not enough just to have Key Performance

Indicators for senior management. To ensure accountability at all levels, specific performance measures must be cascaded down the organisation so that everyone is clear about their performance targets. The public sector must ensure that the targets set are challenging but achievable based on appropriate and acceptable benchmarks. Clear performance targets also help to empower management at all levels within the public sector. KPIs also help to maintain continuity of goals during personnel transitions by focusing on a consistent set of broad programmatic priorities.

Introducing a performance culture that is anchored clearly on KPIs will also reduce subjectivity in measuring performance. As with many GLCs, the majority of the employees in the public sector are often rated as "good" or "excellent" performers; even though we know very well that good performers never form the majority of any organisation's staff strength. In the absence of measures of performance, high ratings become the norm and are expected by almost everyone. As a result, it is difficult to differentiate between truly outstanding performers from the mediocre. Introducing performance measurement system with KPIs that are specific, measurable, achievable, relevant and timely, will go along way to enable civil servants to be assessed and rated objectively based on actual performance, tangible contributions and material outcomes.

Building a high performance culture also requires the establishment of a clear link between performance measurement and reward. It is pointless to devise a comprehensive performance measurement system and carry out a vigorous and objective assessment when the results are not used to enhance performance or productivity. In the public sector, we often find that those who cannot perform are seldom penalised, while those who perform will be asked to take over the tasks left by non-performers. As a result, these performers become disillusioned and will not be proactive and productive.

A high performance culture will ensure that only the very best and qualified people are employed and promoted. Therefore, to develop and sustain a culture of high performance, the public sector needs to compete for the right talent. It is not enough to have people who are talented but they must also be committed. When people operate from true commitment, they feel a strong and profound responsibility to the success of the public sector.

However, to get the right people, the public sector must not only compete for talent, but must also introduce a system that will motivate and retain them. Attractive remuneration

package is just one aspect of the equation; the other aspect is the opportunities for development and promotion. Although talent is taken into consideration, we find that seniority or length of service still takes precedence over other criteria in deciding on promotion. This needs to be changed so that the culture of high performance is sustainable. The public sector should therefore be prepared to accelerate the promotion of those who are talented, capable and committed way before their time.

No discussion on building a high performance culture in the public sector can be complete without addressing the issue of integrity. High moral character and integrity are important prerequisites for an efficient public service. Civil servants must not only be efficient in discharging their duties but they must also uphold their moral integrity. An efficient civil service demands that civil servants uphold their integrity at all times. According to the report on Corruption Perception Index released by Transparency International, Malaysia is currently ranked 37 as compared to 33 in the previous year. In 1998 we were ranked 26.

This situation does not reflect very well on our effort to develop and nurture a culture of high performance in both the public and private sectors of our economy. We must therefore take immediate steps to ensure our position improves. An environment that is low on integrity will not be conducive for nurturing a culture of high performance. The launching of the National Integrity Plan (NIP) recently will enable us to deal with the issue in a more holistic and integrated manner. It augurs well with our objective of developing a national culture of high performance.

There may be skeptics out there who believe that the public service is unique, and that unlike businesses with bottom lines, your roles as public servants do not lend themselves easily to measurement and performance. Let me respond by saying that while profitability may not be the relevant measure for the public sector, there are other appropriate indicators that can be used to evaluate and measure performance. The level of serious crime, incidence of poverty, youth cohorts in higher education, incidence of serious diseases are some examples of KPIs that can and should be used to track public sector performance.

Governments around the world that have embarked on similar KPI-based initiatives given the increasing demands of citizens for better service, performance and value for tax payers funds. Performance management in the public sector is challenging, but can be achieved over time. As an example, the UK in 1998 embarked on a Comprehensive Spending Review

and for the first time, decided on and made public, the service improvement and reforms required in return for resources allocated to ministries and departments. In a strategic shift towards an Outcome Management Approach, Public Service Agreements (PSA) became a requirement for every central government ministry. These requirements were set out in Public Service Agreements (PSA) for every central government ministry. Each PSA outlined the aims and objectives of the ministry concerned, together with KPIs that measure operational efficiency and most importantly, desired outcomes. Each KPI target represented a step change in the level of quality of a specific service, or an improvement in the lives of people. Today, there are around 130 KPI targets or an average of less than seven targets per ministry, and ministries are accountable for progress towards these targets. In addition, each PSA contains a statement on who is responsible for the delivery of the KPI targets.

Given an increasingly challenging global environment, and the strong role that Government has traditionally played domestically, I believe that we must make high performance the defining feature of the public service. The public sector should begin by making bold changes in terms of rules, procedures, systems and structures to ensure the environment is conducive to nurture and promote a culture of high performance. If we are truly committed to make high performance the key feature of the work culture in the public sector, I believe that we can achieve new heights and be able to deliver public services that are of world-class standards.

The results of the last General Election have also shown the overwhelming support of the electorate for this Government, and equally, the high expectations they have for improvements in the quality of life in this country. Only through the continuous and persistent pursuance of performance excellence by all sectors can we hope to meet these aspirations of all Malaysians.

I have highlighted several challenges that confront the public sector. I have reiterated the need for us to embrace a culture of high performance. We face rising expectations from ordinary Malaysians and the increasing need to remain competitive at home and abroad. The clarion call for a high performance culture applies to all. The next phase of nation building will require a strong and balanced partnership between the public, private and non-governmental sectors. I am confident that as public servants of the highest standing, you will rise to these expectations with renewed commitment and creativity.

OFFICE OF THE DEPUTY PRIME MINISTER