

Penyampai : TAN SRI DATO SERI AHMAD SARJI BIN ABDUL HAMID
Tajuk : THE LAUNCHING OF THE DEVELOPMENT ADMINISTRATION CIRCULAR NO.2 OF 1996 ENTITLED "GUIDELINES FOR IMPLEMENTATION OF MS ISO 9000 IN THE CIVIL SERVICE"
Lokasi : TUNKU ABDUL RAHMAN MEMORIAL, KUALA LUMPUR
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1. Today is a historic day for the Malaysian Civil Service as shortly the circular on the implementation of the ISO 9000 Standard in the Civil Service will be launched.

2. The ISO 9000 standard is not something new to our country. Over 800 companies have already been successful in obtaining ISO 9000 certification. The objective of these companies in obtaining the ISO 9000 Certificate is to enhance the competitiveness of their manufactured products in the international market place. The Rt. Hon. Prime Minister in his speech delivered at the Commonwealth Association for Public Administration (CAPAM) Conference in Malta recently, emphasised that the quality of an effective Government administration cannot be lower than that of its clients - specifically the private sector.

3. The Civil Service is ready to implement the ISO 9000 standard. The various administrative reform initiatives that the Civil Service has undertaken in the last few years have laid a strong foundation for implementing the ISO 9000 standard. Some of these initiatives are meeting customer requirements and top management commitment as envisaged under the Total Quality Management (TQM) concept; improvements to a number of systems and procedures; emphasis on human resource development; as well as efforts to document management procedures and processes in Government agencies.

4. The Client's Charter is a good example of public administration reform efforts at meeting customer requirements. Top management involvement and commitment on the other hand have been secured by instituting Steering Committees on Quality and Productivity as well as the establishment of Task Forces on Quality and Productivity under TQM. The active involvement of senior management in these Committees and Task Forces has enhanced the effectiveness of the implementation of the various reform programmes embodied in the Development Administration Circulars. Studies have also been undertaken to review the system of licensing and permits as well as the use of forms. Among the changes that were effected as a result of these studies are the issuance of composite licences and the use of composite or simplified forms. Various office automation programmes and reengineering efforts have been instituted to replace burdensome manual systems. Computerised text processing, information storage and retrieval as well as communication systems have been introduced to enhance effectiveness and productivity. Other initiatives in the area of information technology are the establishment of the Civil Service Link (CSL), the Public Services Network (PSN) and the Electronic Data Interchange (EDI). The New Remuneration System (NRS) places greater emphasis on training. For example, induction courses are now compulsory for new entrants into the civil service before they can be confirmed. In addition, senior officers who are to be promoted to premier posts, Grade 1 and Grade 2, are also required to attend training courses. Training is an element that is given much consideration under the ISO 9000 standard. Work processes and detailed requirements to carry out each job in Government agencies have already been documented in the Manual of Office Procedures and Desk Files.

5. These initiatives have succeeded in developing an effective quality management system in Government agencies. The adoption of the ISO 9000 standard will further complement and supplement this quality management system. For an organisation to achieve consistency in the delivery of goods and services to its customers, it can adopt either one of two approaches. One is by quality control and the other through quality assurance.

Quality control refers to techniques which are used to identify products that do not meet the required specifications. This concept emphasises inspection of the product after it has been produced. The quality control approach may involve wastage because a lot of resources would have already been utilised in making products that do not meet the specifications of the customer. Such wastage can be avoided by using the second approach to quality, namely Quality Assurance. In quality assurance, the focus is not on the end product but on the process that results in the product. By focussing on the process, the production of goods and services that do not meet the specifications can be avoided. In short, the

fundamental principle in quality assurance is prevention and not remedial action after defects have occurred. It is this quality assurance that is the principal goal of the ISO 9000 standard.

6. The implementation of the ISO 9000 standard in the Civil Service will bring about a shift in the management culture of Government agencies. This culture will move towards greater emphasis on process management. The ISO 9000 standard consists of twenty elements which encompass all aspects required by an organisation to enable its processes to function efficiently. These elements are:

- (1) Management Responsibility;
- (2) Quality System;
- (3) Contract Review;
- (4) Design Control;
- (5) Document and Data Control;
- (6) Purchasing;
- (7) Control of Customer-supplied Product;
- (8) Product Identification and Traceability;
- (9) Process Control;
- (10) Inspection and Testing;
- (11) Control of Inspection, Measuring and Test Equipment;
- (12) Inspection and Test Status;
- (13) Control of Nonconforming Product;
- (14) Corrective and Preventive Action;
- (15) Handling, Storage, Packaging, Preservation and Delivery;
- (16) Control of Quality Records;
- (17) Internal Quality Audits;
- (18) Training;
- (19) Servicing; and
- (20) Statistical Techniques.

7. The element of Management Responsibility details the specific duties that management is required to carry out under this standard. It requires that quality policy be defined, documented and communicated throughout the organisation, that responsibility regarding quality be clearly defined, that in-house resources are available for verification activities, that a management representative be appointed to ensure quality system requirements are being met and that the management representative periodically reviews the continuing suitability and effectiveness of the quality system.

8. To enable management to exercise control of the quality system, internal quality audits are required to

be carried out. The audits verify whether quality activities comply with the requirements of the standard and determine the effectiveness of the quality system.

9. One of the basic principles of ISO 9000 is that in order to achieve consistency in the output of an organisation, there must also be consistency in process execution. How is this consistency in the process and output of an organisation to be achieved? Firstly, the way work is performed to produce consistent results should be planned. The element of Quality System addresses this requirement. Once the work to be performed has been planned, there is a need for documentation and training to ensure that the work is executed as planned. There is a need to verify whether work is carried out as documented through quality records.

10. If the quality records indicate that the system is not working properly then there needs to be a mechanism in place for carrying out remedial action.

The element of Corrective and Preventive Action takes care of this need.

11. Every process that results in a product or service begins with identifying the needs of the customer. Once the customer's needs have been ascertained they have to be incorporated into the product design. After the design has been finalised, inputs have to be procured and inspected to ensure that they meet specifications and appropriately handled to ensure no defective inputs go into the processing stage. At the final output stage of the process, the outputs have to be verified to ensure that they conform to the design specifications. Steps must also be taken to ensure that only products which conform to customer requirements reach the customer.

12. The twenty elements as prescribed by the ISO 9000 standard are the minimum necessary to establish an effective quality system. Such a system will be made up of methods designed to: plan what the organisation wants to do; document what the organisation has planned; do what has been documented; and prove to others the efficacy of the quality system. The implementation of ISO 9000 will result in a paradigm change in the way in which work will be executed. The emphasis in the new work culture brought about by ISO 9000 will be on prevention rather than correction. The focus on process management will ensure that the right tasks are identified and carried out in a way that will yield the right results. The standard requires planning in advance of the work and putting in place procedures, standards and guidelines which will ensure products and services that are of consistent quality. Control over processes at every stage will prevent problems and with this new discipline, work gets done right the first time and every time.

13. How is the ISO 9000 standard to be implemented in the Civil Service? Implementing the ISO 9000 standard necessitates the following for Heads of Agencies: knowing the requirements of the standard; understanding your organisation and processes well; committing the necessary resources; planning well; and seeing through the implementation of the standard. However, the deciding factor which enables all the above to be carried out is really top management commitment. It is for this reason that in the standard, the very first element is Management Responsibility. I wish to emphasise here that the successful implementation of ISO 9000 in the Civil Service is totally dependent on the commitment and involvement of all the Heads of Agencies. They cannot delegate this commitment to their subordinates. Top management must understand the requirements of the standard and analyse the importance of implementing ISO 9000 in their organisations. They must also formulate the quality policy and objectives that are to be achieved and make a written commitment to quality. Top management must also appoint a management representative for coordinating and monitoring the implementation of ISO 9000.

14. After successfully developing a commitment to and awareness for the need for implementing the standard the next step for Head of Agencies is to establish ISO 9000 Implementation Teams at three levels: . Steering Committee on Quality and Productivity; . Coordinator and a Quality and Productivity Task Force; and . Work Teams.

Among the more important responsibilities of the Steering Committee on Quality and Productivity will be to determine the objectives and scope for implementing ISO 9000, securing the necessary resources and

coming up with an action plan. At the second level, the quality coordinator and his team will be entrusted with the task of evaluating the existing quality system, providing training and supervising the implementation of the action plan.

As for the third level work teams, their main responsibility will be to prepare and implement the requirements of ISO 9000.

15. The next important step is for all personnel involved in the implementation of ISO 9000 to be provided with the necessary training. The Malaysian Civil Service has drawn up a large scale training programme that will eventually encompass all Government agencies. This training programme will be handled by INTAN and MAMPU. It will also be necessary for other Government training institutions to be involved in imparting the training. The training programme basically centres on two training packages. The first package is targeted at senior and middle management and is basically designed to develop awareness and build commitment. The second training package is designed to provide hands-on skills to the ISO 9000 implementation teams in Government agencies. In addition, training in conducting quality audits will also be imparted so that the internal auditors in Government agencies will be able to carry out internal quality audits more effectively.

16. Based on the training schedule that has been drawn up it is expected that the training programme for senior and middle management can be completed by the end of September 1996. As for the hands-on training for the project teams the training may extend into the early part of 1997.

17. The next step in implementing the ISO 9000 standard is to evaluate the agency's existing quality system. This involves the identification of the core processes of the organisation and comparing this with the requirements of the selected ISO 9000 model. The main purpose of this assessment is to get a clear picture of the state of the organisation's existing quality system as it compares with the standard. This evaluation will reveal systems which conform, systems which can be adapted and areas of non-conformances.

18. Once the agency has obtained a clear picture of how its quality system compares with the selected ISO 9000 model, it can draw up a full scale implementation plan. This implementation plan should be comprehensive and specific, encompassing the following: . objective of the quality system; . procedures to be developed; . person or team responsible; . approval required; . training required; . resources required; and . estimated completion date.

19. With the planning for implementation completed, the ISO 9000 quality system gets underway. This essentially involves firstly, developing the documentation for the quality system and secondly, to ensure that the quality system is implemented as is documented. The principal activities involved are to produce the quality manual, to develop and document the procedures and work instructions and finally to implement an effective document control system. The time frame required for implementing the documentation requirements of the ISO 9000 standard will to a large extent depend on the size of the organisation, the level of commitment shown by management, the status of the existing quality system and the level of quality documents that need to be prepared.

20. To ensure that the implementation of ISO 9000 is not only successful initially but is sustained for all times, there needs to be a system of effective monitoring and evaluation. To enable this to be carried out well, a comprehensive quality auditing system has been developed encompassing both internal and external audits. Internal audits will be conducted by the agencies themselves and reports from these internal audits will form the basis for carrying out formal corrective actions and management reviews. External audits for the purpose of issuing compliance certificates will be conducted by independent external bodies such as MAMPU and SIRIM. For some Government agencies which have international linkages, external auditing for the purpose of registration may also be carried out.

21. I would also like to take this opportunity to announce an amendment to the Development Administration Circular No. 2 of 1993 entitled AGuidelines for the Award of the Public Service Excellent Service Awards (Amendment 1/1996). As we are all aware, one of the important changes that has taken

place with the implementation of the New Remuneration System (NRS) and the New Performance Appraisal System is that the recipients of Excellent Service Awards as decided by the Panel for the Coordination of Performance Evaluation and Salary Movements will receive diagonal or horizontal salary movements. A Development Administration Circular No. 2 of 1993 entitled 'Guidelines For The Award of the Public Service Excellent Service Awards' was issued on 27 January 1993. This circular replaced the General Circular No. 2 of 1983. Although the method of selection, type and number of gifts or incentives have undergone vast modifications, one incentive that has remained unchanged is the provision of paid unrecorded leave for seven days.

22. After having implemented this award system for the past few years, the Government is of the opinion that giving additional leave as an incentive or encouragement to civil servants is no longer suitable. Firstly, the awarding of leave is not in accordance with the paradigm shift that the civil service has undergone which now emphasizes the creation of a work culture based on enhancing quality and productivity. With this, every civil servant is expected to fully utilise the working hours stipulated for him. Secondly, the total amount of annual leave allocated and the number of existing public holidays is adequate. According to existing regulations civil servants are entitled to an annual leave of 20 to 35 days according to the category to which they belong and the number of years that they have served. If we add the 15 annual public holidays and weekends (Sundays or Fridays) to this figure, the total number of non-working days will be 87 to 102 days annually or 24% to 27% of the total number of days in a year.

23. As such, the Government has decided that the incentive of paid unrecorded leave of 7 days for excellent service should be replaced with the following: . A Sijil Amanah Saham Bumiputera (ASB) Certificate worth RM300.00 to be given to Bumiputra Officers and Staff who are recipients of the Excellent Service Award; or . A Sijil Premium Bank Simpanan Nasional (BSN) worth RM300.00 to be given to Non-Bumiputra Officers and Staff who are recipients of the Excellent Service Award.

With the institution of this award or incentive the Government will incur a total cost of RM12.8 million annually.

24. This amendment is included in Development Administration Circular No. 2 of 1993 (Amendment No.1 of 1996) entitled (Guidelines for the Award of the Public Service Excellent Service Awards). It will be circulated to all of you present today and subsequently issued to all Government agencies. The amendment will be effective from 1st January 1997.

With the issuance of the amendment those who are evaluated based on their 1996 performance and are awarded the Excellent Service Awards will be the first group to receive this new incentive.

25. Another important document that will be launched this morning is a collection of all circulars related to the implementation of improvement efforts in the civil service. These circulars have been compiled into a book for easy reference. The circulars that have been compiled are as follows: . Twenty one (21) Development Administration Circulars issued from 1991 until 1996. It includes the latest Development Administration Circular No. 2 of 1996 entitled 'Guidelines For Implementing MS ISO 9000 In the Civil Service'; . Five (5) amended Development Administration Circulars including the most recent amendment on the Excellent Service Awards; . One (1) Development Administration Circular Letter; and . Two (2) Treasury Circulars, five General Circulars and one circular that is closely related to improvement efforts in the Civil Service.

26. Circulars constitute an important mechanism used by the Government to channel information on a particular policy, concept, programme or project to all Government agencies and their personnel. Various types of circulars have been issued. However, since 1991 I have introduced a new series of circulars known as Development Administration Circulars.

These circulars are different from other circulars in that they are accompanied by clear guidelines on the rationale and concept of a particular improvement programme, its implementation strategy and examples that can be used as a guide by implementing agencies. The main principle used in the formulation of these circulars is clarity, consistency and uniformity.

27. I have heard of complaints from certain quarters on the large number of circulars that have been issued. Our experience in implementing improvement efforts in the past years has shown the effectiveness of these circulars. The circulars have become an important source of reference for Government agencies to enable them to plan and implement improvement programmes more systematically and in a standardised manner. They have also assisted agencies to evaluate their achievements and take follow-up actions for continuous improvement.

What we are seldom aware is the philosophy and unwritten management and administration principles embodied in them. On the whole, if we examine the contents of the circulars it will be found that they contain the necessary elements for the inculcation of ethical values which should be practised by every civil servant. By understanding, appreciating and implementing the programmes and activities that are prescribed in each of these circulars we will create a work culture that will bring the civil service to a higher level of excellence.

28. With this, I hereby officially launch the Development Administration Circular No. 2 of 1996 entitled 'Guidelines for Implementation of MS ISO 9000 in the Civil Service', Development Administration Circular No. 2 of 1993 entitled 'Guidelines for the Award of the Public Service Excellent Service Awards (Amendment 1/1996)' and the book entitled 'Circulars on Administrative Reforms in the Civil Service of Malaysia (1991 - 1996)'.