

Malaysia's government transformation programme: A preliminary assessment

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Abstract: While Malaysia has always seen major reform and modernisation programmes, the Government Transformation Programme (GTP) introduced by the current Prime Minister in 2009 has drawn much attention as a new model of public service reform. Touted as a major innovation in public service reform it is also claimed to have made impressive progress in areas where previous reforms have failed. This paper reviews the experience of the GTP as a reform model and assesses its impacts and policy significance. Drawing on the findings of in-depth interviews and review of available literature the paper argues that while the GTP is unique in many respects and has already made a promising start, it is not without limitations and controversies. The paper highlights some of the accomplishments of the GTP as well as prevailing criticisms and concerns surrounding it. The paper also identifies the key factors that explain the early success of the GTP and comments on major lessons and policy implications that could be of value to other developing countries with similar circumstances.

Keywords: Government transformation programme; key performance indicators; Malaysia; new public management; public service reform.

Abstrak: Rakyat Malaysia sentiasa melihat reformasi utama dan program permodenan. Ini termasuklah Program Transformasi Kerajaan (GTP) yang telah diperkenalkan oleh Perdana Menteri sekarang pada tahun 2009. Program tersebut telah menarik minat yang banyak sebagai satu model baharu terhadap reformasi perkhidmatan awam kepada masyarakat. Ia dianggap sebagai inovasi utama dalam reformasi perkhidmatan awam. Disamping itu, ia dianggap sebagai satu progres yang menakjubkan dalam bidangnya tersendiri, yang

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mana reformasi-reformasi yang terdahulu didapati gagal. Kertas kerja ini mengkaji pengalaman GTP sebagai satu model, seterusnya menilai impak dan kesignifikanan polisi tersebut. Dengan berpandukan hasil dapatan daripada temubual secara mendalam dan daripada sorotan literatur yang sedia ada, kertas kerja ini membincangkan bahawa GTP adalah unik dalam pelbagai aspek. GTP telah menunjukkan permulaan yang agak memberangsangkan dan ia tidaklah tanpa limitasi dan kontroversi. Kertas kerja ini juga turut mengutarakan beberapa pencapaian GTP serta kritikan-kritikan yang lazim didapati, disamping kebimbangan yang mengelilinginya. Kertas kerja ini juga turut mengenalpasti faktor-faktor utama yang dapat menerangkan pencapaian GTP dan komen-komen terhadap pengajaran utama serta implikasi polisi yang mungkin bernilai bagi lain-lain negara yang sedang membangun yang turut mengalami keadaan yang serupa.

Kata kunci: Program transformasi kerajaan; petunjuk prestasi utama; Malaysia; pengurusan awam cara baharu; reformasi perkhidmatan awam.

Among the developing countries, Malaysia is in the forefront of public service reform. Although reform has always been a key feature of the Malaysian public service, it has received a particular significance since the current Prime Minister came to power in 2008. Immediately after assuming office the new Prime Minister Najib Tun Razak unveiled his policy agenda *1Malaysia* with sub-tags *People First, Performance Now* reflecting his commitment to make the government more performance-oriented and accountable for results. He introduced the Government Transformation Programme (GTP) - a roadmap for improving public services. The GTP entails a series of Key Performance Indicators (KPIs) in seven priority areas which serve as a means to measure and improve the delivery of governmental services. He has also created the Performance Management and Delivery Unit (PEMANDU) assigning it with the responsibility to spearhead the implementation of the GTP. With increased emphasis attached, as demonstrated in widespread publicity and generous funding for the programme, the GTP has, in fact, become a flagship project of the Najib government. It is touted as a policy innovation - a model of public sector reform that has tied public service delivery with governmental accountability more effectively than before (Mahbob et al, 2013; Najib, 2013). It is also claimed to have made significant inroads in areas where previous reform programmes have failed.

Drawing on available evidence and expert opinions on the subject, this paper explores the GTP seeking to assess it as a public sector reform strategy. In particular, it examines the GTP experience in order to assess its significance and to draw reasonable lessons. The GTP is significant for a number of reasons. First, besides being one of the most recent initiatives, it represents a fairly comprehensive attempt with implications for virtually the entire public service. Second, unlike the previous drives, the GTP has explicit focus on performance measurement and it has tied public service delivery with governmental accountability in a way never done previously. Third, with its distinct features the GTP has effectively marked a new approach to public sector reform in Malaysia. All this has given rise to a number of questions including the following: How promising is this new initiative? To what extent has it transformed service delivery and performance management in the public sector? What is the evidence so far? Can the GTP's initial success be sustained and replicated elsewhere? What are the drawbacks and limitations of the current approach? What lessons, if any, can the GTP offer to other developing countries in the region and beyond? These are among the questions that this paper seeks to address. Given that Malaysia has initiated a wide range of reforms in the past, many of which were poorly implemented, and that they produced a "mixed bag" of results (Lim, 2009; McCourt & Foon, 2007; Siddiquee, 2006, 2010), these questions merit careful scrutiny and assessment.

The paper is based on evidence drawn from both primary and secondary sources. First, an extensive review of related literature including government reports and policy documents, academic papers and other publications was undertaken. This has been supplemented by information collected through semi-structured interviews with selected group of small but well-informed respondents. During September-October, 2013 and January 2014, interviews were held with 15 academics, and retired and serving public servants, including senior officials at PEMANDU. The paper proceeds as follows. We begin with a brief note on the New Public Management (NPM) approach to public service reform. This is followed by an overview of the public service reform trajectory in Malaysia, with a particular focus on reforms introduced since the early 1980s. Section three introduces the most recent initiative of the GTP with its core features and implementation to-date. Section four presents a detailed assessment of the GTP highlighting its accomplishments as well as the current criticisms and drawbacks. The

concluding section sums up the paper throwing light on factors that explain the relative success of the GTP and its broader implications.

Public service reform: The new public management model

Since the 1980s, public sector reform and modernisation process in both OECD countries and elsewhere in the developing world has become synonymous with the New Public Management (NPM). Having acquired prominence initially in Western liberal democracies, the NPM later became a catalyst for many positive changes in the public sector elsewhere around the globe. It seeks to transform inefficient and increasingly cash-strapped public sector organisations by aligning them more with business management principles and practices and by creating space for the private sector to play a greater role in the delivery of governmental functions and services. Currently the term NPM is used to mean a broad collection of concepts and practices that eschew traditional rule-bound, inward-looking bureaucratic administration in favour of a more dynamic, outward-looking style of public sector management. With its theoretical underpinnings in public choice theory and managerialism, a fundamental assumption of the NPM is that the public sector bureaucracy is inherently flawed and can only be fixed by the introduction of private sector solutions (Hughes, 2012; Savoie, 2008). Thus, the NPM essentially entails the application of private sector values and management tools in the public sector and the delivery of public services through market mechanisms and competitive process as a solution to the large and inefficient public bureaucracy (Diefenbach, 2009; Hughes, 2012). It seeks to make the public organisations - and people working in them - much more business-like or market-oriented (Diefenbach, 2009). While opinions vary among theorists on what constitutes NPM, some of the generally accepted features of the new paradigm include downsizing and rationalisation, flexible organisational structures, privatisation and outsourcing of service delivery, performance management and measurement, use of incentives and increased customer-orientation (Diefenbach, 2009). Other notable elements of the NPM as a generic model of public service reform include the following:

- A shift in the focus of management from inputs and processes to outputs and outcomes;
- A shift towards measurement and quantification – especially through the development of performance indicators;

- A shift to greater competition in the public sector and much wider use of alternative service delivery mechanisms including contracting out and quasi-privatisation;
- Emphasis on private sector-style management and flexibility, cost-recovery and entrepreneurship;
- A shift towards a management culture that emphasises performance and accountability for results (Hughes, 2012; Siddiquee, 2013).

Otherwise known as results-based management, the NPM advocates radical changes to the structural and operational aspects of public bureaucracies. With its emphasis on performance, measuring outcomes and rewarding results, the NPM has produced a variety of innovations seeking to instil and promote performance culture in the public sector. Budgeting for results or outcomes based budgeting, performance agreements, programme assessment, purchaser-provider split, performance auditing, and performance measurement are among the plethora of innovations introduced with twin objectives of improving the delivery of public services and strengthening governmental accountability. The NPM reforms have also spurred the proliferation of performance measures - often known as key performance indicators (KPIs) - used to benchmark and assess the performance of public organisations. While the NPM is not without drawbacks and critics, it is believed to be the catalyst for many positive changes in under-performing public sectors. This includes a shift from traditional rule-bound administration to a more flexible and result-oriented management, a mode of working that enables newly de-bureaucratized organisations to respond more swiftly and creatively to changing conditions, and to devise innovative ways of doing more with less (Deleon, 1998; Savoie, 2008). It is this set of perceived benefits that has prompted many developing countries around the world to experiment with the NPM as part of their public sector reform efforts.

The trajectory of public service reform in Malaysia

Although Malaysia has seen, since the early years of her independence, a continuous stream of reform programmes, a major phase of public service reform began in the 1980s. Following the ascent of Dr Mahathir Mohamad to the helm of power, Malaysia saw a radical shift in economic policy when the market forces came to be regarded as the engine for growth and development - instead of the state-led development

approaches hitherto practised. Reforms became inevitable to reduce the government's involvement in the economy and to improve performance of public bureaucracies. Some of the early reforms introduced during this period include the Look East Policy, the Privatisation programme, and the Clean, Efficient and Trustworthy Government. The Look East Policy was essentially an attempt to encourage the Malaysians to emulate high productivity and ethical management philosophy and practice – as followed in the East especially in Japan and South Korea. The Malaysia Inc. Policy announced in 1983 required greater cooperation between the public and private sectors for realising national developmental goals. Another element of the reform during this period was the Clean, Efficient and Trustworthy Government campaign launched nationwide in 1982. This was followed by a variety of small changes that had significant impact on public service work ethos. Public officials were required to be punctual, diligent and efficient in their jobs. The introduction of name tags in 1981 was intended to make the public servants accountable to the public. Time clocks were installed at government agencies to ensure that stated working hours were strictly observed. All this was accompanied by programmes to instil a sense of ethics and morality among public servants. The excellent work culture and assimilation of Islamic values and work ethics were core elements of this drive during early years of the Mahathir administration.

With the launch of the New Development Policy (NDP) and Vision 2020, reform programmes gained a fresh momentum. Thus, the period since 1990 saw a sustained campaign for improving public service delivery system. Largely consistent with the NPM reform model, these reforms covered virtually every conceivable area of the public service and its management. Prominent among them are the Modified Budgeting System (MBS), New Remuneration System (NRS), Malaysian Remuneration System (MRS), Clients Charter, Total Quality Management (TQM) and ISO 9000. The MBS was designed to tackle inconsistencies in the existing budgetary practices by aligning it with contemporary budgetary reforms elsewhere. Put differently, it was an attempt to establish a linkage between input and output and performance indicators in order to make public budgeting result-oriented (Siddiquee, 2010). Under the MBS, the agencies were given funding in return for programme agreement where they had to specify the input to be used and expected outputs and impacts of their programme showing quantity, quality, cost and timeliness.

Likewise, the NRS, introduced in 1992, sought to remove the anomalies in the prevailing system and make the public sector pay and promotions more objective and reliable. As a merit pay system, it was an attempt to establish links between pay and performance. It also led to a new performance appraisal system designed as a tool for more systematic, transparent and reliable measure of one's performance. However, as performance measurement proved difficult and as NRS attracted strong criticisms from civil servants on grounds of bias and subjectivity, among others, it was subsequently replaced with the Malaysian Remuneration System (MRS) in 2002. The MRS introduced competency as a basis for rewards and widened scopes for promotion and pay increase for those with superior performance assessed more objectively than previously done. In the service delivery domain, Clients Charter was introduced in 1993 seeking to improve delivery process and making service providers accountable to their clients. These drives were supported by a range of additional quality improvement measures, including Total Quality Management (TQM), ISO 9000 and benchmarking, all aimed at improving the quality and performance of the public service. Other significant drives that were expected to improve service delivery and governmental performance include privatisation of state utilities and infrastructure (through the increased competition) and e-government (through the application of ICT). While impact of e-government is generally perceived to be positive, privatisation in Malaysia, instead of the fostering competition, created private monopolies and oligopolies (Lim, 2009) with little or no effective regulation.

Despite leadership changes in 2003 reform drives continued. In line with trends elsewhere, the government introduced the Key Performance Indicator (KPI) system in 2005. It was in fact an extension of the KPI system introduced in the government-linked companies (GLCs) a year earlier. The impressive record of the KPI experiment within GLCs encouraged the government to extend KPIs as a tool for measuring performance of the senior executives of the public service. Implemented alongside the existing reforms it was aimed at consolidating performance culture in the public service. All government agencies were directed to develop KPIs and associated benchmarks in order to measure the level and quality of their services. A number of subsequent initiatives, namely, the Treasury directive that required government agencies to identify strategic results areas

and strategic KPIs (2007), the Auditor General's star rating system of financial management (2006) and the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU)'s star rating system of the overall agency management (2007) served to reinforce the thrust of the KPI system.

Thus Malaysia has seen a variety of reforms in the public service. Despite considerable gaps between the rhetoric and reality, especially in areas of implementation, reforms have had modest impacts (Lim, 2009; Siddiquee, 2006) on public service performance. But such improvements have failed to keep up with the rising demands and expectations of Malaysians as demonstrated in the level of concerns and dissatisfactions expressed with the quality of services as well as with inefficiency and waste within the government. Also poor governmental performance with the implementation of development policies and programmes, weak financial management and the government's inability to tackle high level corruption (Beh, 2011; Siddiquee, 2010, 2013) have been causes of much concern and unease within various quarters. Having assumed political power amid such a situation, Prime Minister Abdullah Ahmad Badawi (who succeeded Dr Mahathir Mohamad following his retirement in 2003) declared performance improvement and fighting corruption as his priority. But the record of his government was anything but satisfactory. In fact, the "colossal failure" (Chin, 2010) of the Abdullah government fuelled a stronger sense of public disquiet as evidenced in 2008 general elections. This forced him to make way for his deputy Najib Tun Razak to be at the helm of power. Aware of the challenges facing the government and the importance of restoring public confidence to stay in power, Najib took no time to outline his priorities and strategies. In an attempt to shore up the public support for the government and to arrest Malaysia's economic decline, Najib introduced a series of reforms and policy directives including the Government Transformation Programme (GTP).¹

The government transformation programme: A new approach to public service reform

The latest in the series of public service reforms in Malaysia is the Government Transformation Programme (GTP) launched by the current Prime Minister Najib Tun Razak in 2009. As noted, Najib came to

power in April when his predecessor Abdullah Ahmad Badawi resigned following the ruling coalition's worst performance in the 12th general elections held in 2008. Dubbed as the "political tsunami", this was a watershed in Malaysia's politics; for the first time since independence the ruling coalition was denied its customary two-thirds majority in the parliament; it also lost five states to the opposition. If anything, the results showed that the public support for the government was at its lowest point since independence. Having realised the importance of regaining public confidence, Najib announced a new policy agenda *1Malaysia: People First, Performance Now* with twin goals of uniting the nation and delivering concrete results to the *rakyat*. Under this broad agenda he introduced the GTP as a strategy to radically transform the way the government worked so as to enhance the efficiency and effectiveness of the public service delivery.²

It is presented as a mechanism to promote a more performance-oriented, accountable and responsive system of government. It consists of a set of initiatives aimed at achieving fast and meaningful improvements in service delivery in selected areas. As the roadmap of change, the GTP has identified six National Key Result Areas (NKRAs) as its focus for immediate action: reducing crime, fighting corruption, improving student outcomes, raising living standards of low income households, improving rural basic infrastructure and improving urban public transport. In 2011 tackling the rising cost of living was added as the seventh NKRA (PEMANDU, 2010, 2011). Drawn on the basis of a series of ministerial retreats, surveys, town hall meetings, open days, online polls and expert consultations, these are some of the areas that matter most to Malaysians. In essence, NKRAs are a combination of short-term priorities to address urgent public demands and medium and long-term issues and challenges that require governmental attention the most. Besides specifying an initial set of actions, each NKRA was assigned clear targets and measurable outcomes so as to facilitate performance assessment. Table 1 depicts some performance targets in seven NKRAs for 2012 and 2015.

The GTP has placed considerable emphasis on effective implementation, monitoring and reporting framework. In addition to identifying a lead ministry for each NKRA, government ministries have been organised around the seven NKRAs with specific targets against which ministers' and ministerial initiatives would be assessed. The newly

created Performance Management and Delivery Unit (PEMANDU) within the Prime Minister's Office has been tasked with the responsibility of monitoring and improving the performance of government ministries through effective implementation and coordination of the GTP. Idris Jala, a highly successful corporate executive who made himself known by turning the Malaysia Airlines System (MAS) around from loss, was appointed as the CEO of PEMANDU with the rank of a cabinet minister. As a hybrid organisation staffed by people from both public and private sectors, PEMANDU is structured into divisions each headed by a director responsible for monitoring the achievement of performance targets under his/her respective NKRA.

Delivery task forces (DTFs) have been formed, one in each NKRA. Chaired by the Deputy Prime Minister (initially the PM) and attended by the minister of the lead ministry, other relevant ministers, CEO of PEMANDU and senior civil servants, the DTF meets every month to assess the progress on NKRA's and resolve any impediments to achieving performance targets. KPI officers have been appointed at the ministry level to assist ministers to devise better targets and work out details of their performance indicators. In addition, PEMANDU has set up separate sub-units in each of the NKRA's and one unit to cover all 26 ministries. It has also created parallel delivery management offices in each and every ministry. The sub-units at PEMANDU and corresponding delivery management offices at the ministry level work together to implement initiatives specified in the GTP roadmap and facilitate coordination. Working closely with respective ministers and senior bureaucrats, KPI officers are also responsible for collecting and compiling data on ministers' performance in accordance with the template developed by PEMANDU. Using such data, ministers' performance is reviewed against KPIs and NKRA's under them. The traffic light system of assessment is followed where green, yellow and red ratings are assigned to each of the ministerial indicators depending on the extent to which target is achieved (PEMANDU, 2010; 2012b).

In addition to performance targets involving seven NKRA's, Ministerial Key Result Areas (MKRA's) and Ministerial KPIs (MKPIs) have been developed. Broadly aligned with the NKRA targets and goals these relate to areas not covered by NKRA's. Performance of other ministers is reviewed every six months where ministers are ranked in a league table in accordance with their performance thus ensuring

accountability of each ministry/minister. Initially, the Prime Minister himself was personally involved in the review process, but it was later handed down to his Deputy. PEMANDU's role remains pivotal in the entire process: it not only oversees the implementation of the roadmap but also acts as a go-between various ministries facilitating coordination and resolving bottlenecks. With the end of Phase 1 (2010-2012), PEMANDU recently announced GTP 2.0 (2013- 2015) outlining the details on initiatives that would continue, GTP 1 success cases that would be expanded, plus new ground-breaking initiatives.

Table 1: National key result areas and performance targets

NKRAs	2012 Targets	2015 Targets
Crime	<ul style="list-style-type: none"> • 5% reduction in overall index crime • 45% reduction of street crime (2009 base) 	<ul style="list-style-type: none"> • 5% reduction of index crime annually • 85% public satisfied with police service • 65% score in public safety perception index
Corruption	<ul style="list-style-type: none"> • TI-CPI score 4.9 • TI-Global Corruption Barometer survey 52% 	<ul style="list-style-type: none"> • TI-CPI score 5.0 • 70% score in TI's GCB survey
Education Pre-school enrolment High performing schools	<ul style="list-style-type: none"> • 87% enrolment • 100% literacy and 100% numeracy 	<ul style="list-style-type: none"> • 92% enrolment • Continue to focus on 100% HP schools • Maintain 90%, 95% and 100% targets for Y-1, Y-2, and Y-3 respectively • 25% reduction of urban-rural achievement gaps across Malaysia
Poverty alleviation	<ul style="list-style-type: none"> • Increasing monthly income of 1AZAM participants by RM 2000 • 4000 women to receive entrepreneurship training 	<ul style="list-style-type: none"> • Reduce poverty by 2% (from 3.8%) • Economically empower households registered with e-Kasih database • Increase 1AZAM participants to 90,790 (from 61,190)

Rural development Road Water Electricity	<ul style="list-style-type: none"> •98.6% rural population in P. Malaysia living within 5 km of paved road; 87% in Sabah and 86% in Sarawak •99% in P. Malaysia, 79% in Sabah and 90% in Sarawak with access to clean water •99.8% in P. Malaysia, 88.7% in Sabah and 82.7% with 24hr electricity 	<ul style="list-style-type: none"> •Building and upgrading 6,339 km roads across Malaysia; •95% people in East Malaysia living within 5 km of paved road •95-99% of population with access to clean/ treated water •95-99% of population with 24 hr of electricity •Create 132 21st century villages
Urban public transport	<ul style="list-style-type: none"> •25% public transport modal share •600,000 daily peak public transport ridership (AM) •55% passenger satisfaction 	<ul style="list-style-type: none"> •25% public transport modal share •750k AM peak public transport ridership (from 321k) •75% of population residing within 400m of UPT nodes
Cost of living	<ul style="list-style-type: none"> •3.4 million households to get one-off BR1M payment •60 KR1M shops •50 Klinik1Malaysia in operation 	<ul style="list-style-type: none"> •Set up 50 KR1M store each year •Opening up of 1000 Menu Rakyat1Malaysia outlets each year •Supplying 22200 affordable housing units under PR1MA over next 3 years

Source: Based on PEMANDU (2012a; 2012b)

Reflections on GTP: Accomplishments and areas of concern

In this section we focus on the questions that we have raised at the outset. We must start with the caveat that the GTP is still in its very early stage of implementation. The fact that it has been there for less than five years means that it is too premature to make any definitive judgement about its impacts and results. Nevertheless, based on the current trends and progresses, it is possible to discern some of its strengths as well as

prevailing criticisms and pitfalls of the scheme. This would in turn help us to answer the questions posed.

There is little dispute that the introduction of KPIs and GTP has marked a new phase in Malaysia's public service reform. This phase is characterised by a clear focus on outcomes, performance and results, as opposed to past initiatives that were mostly process-driven (Iyer, 2011). Even though the public service saw a multitude of efforts to improve the efficiency and quality of services, these remained "unconnected" and rarely emphasised measurable outcomes. It is in this sense that the current drives represent a significant departure from the past. In fact, clear and precise measures of performance are the hallmarks of the new system. Another important feature is the alignment of individual KPIs with ministerial KPIs and NKRA's. Seven NKRA's and performance targets have been supplemented by further sets of indicators for government departments and individual ministers. The ministerial KPIs and those for individual ministers have been developed to ensure that they reflect the priorities and outcomes rather than the process. Never before have public agencies and top leaders been subjected to such assessment using a rigorous set of KPIs. This is all in addition to annual assessment of performance by departmental heads using KPIs and MAMPU and Auditor General's star rating systems.

The GTP also reflects a problem-solving and diagnostic approach to public service reform. As stated, the NKRA's and performance targets were finalised following an extensive process of consultation, sharing and expert reviews; the scale and levels at which these consultations and sharing took place were unprecedented in Malaysia. The process began with multiple cabinet retreats to ascertain the direction needed. This was followed by a series of town hall meetings, open days and lab sessions with various stakeholders, to seek their viewpoints and feedback. Extensive involvement of public servants in lab sessions not only provided them with an opportunity to voice ideas, this in effect "gave them the ownership of reform" - argued one respondent during the interview. Town-hall meetings were attended by thousands of people, indicating the interest and awareness on the part of citizens to get involved in the process. While still reflecting a top-down approach, it was nonetheless a major drive to listen to the people, gather their viewpoints and to involve them in the policy process. Such participatory process has helped Idris and his team not only to overcome structural

barriers but also to create powerful links between planning and implementation. It has also created pressures on the government to deliver results. As Idris argues, “when you put the programme out to the public with concrete promises and commitments, there is only one outcome: you have to deliver” (as cited in Iyer, 2011, p. 7).

Another feature that sets the GTP apart from earlier reforms is the robust implementation strategy currently in place. As noted, while the list of public service reforms initiated in the past is impressive, implementation was hardly so. In fact, the poor record of earlier reforms can largely be attributed to their inadequate implementation. The more recent KPI reform is a case in point. Although the KPI system was introduced in 2005, it failed to have desired impacts. Under MAMPU’s KPI system, public agencies did not face any pressures to meet performance targets; their compliance was mostly voluntary. The absence of a monitoring mechanism (Siti Nabiha, 2008) caused slack in implementation.³ Even though the agencies were expected to collect, and analyse KPI data each quarter, these reports were to be used for internal purposes. MAMPU was unsure whether the KPI reports would ultimately be monitored by itself or by the respective ministries. There was no directive or requirement for the agencies to send the reports to outside parties (Siti Nabiha, 2008, p. 79). With the advent of the GTP, this has changed. Even though still no sanctions or penalties apply for the failure to meet targets, increased emphasis under the GTP detailed execution strategies and constant monitoring and evaluation have contributed to rapid implementation and greater effectiveness. As shown, the GTP was followed by an elaborate institutional arrangements designed to facilitate proper implementation and necessary coordination. A distinct aspect of the GTP is regular and ongoing monitoring of progress. It involves a continuous process of data collection, monitoring and review process at the highest level - a system that puts everyone in the chain under pressure to deliver. The annual reporting system is another notable feature of the GTP which allows people to know the extent to which various targets are met, putting further pressure on ministries and PEMANDU to produce results.

Perhaps the most important aspect of the GTP is that it has produced impressive results in key areas. As shown in Table 2, the GTP has in fact exceeded the target in most cases with an overall composite score

of 121% in 2010, 130% in 2011 and 109% in 2012 respectively. In 2012 the GTP surpassed the target in all but one NKRA. A few highlights of the recent reports include: a significant drop in the crime index (with 39.7% drop in street crime rates in 2012 and 27% in past three years); 5% increase in pre-school enrolment and 40.3% drop in low performing schools nationwide; 3100 poor women received entrepreneurship training, 44000 households raised out of poverty and 4.3 million Malaysians in rural areas have benefitted from water supply, improved roads, electricity connections and new or refurbished housing during 2010-2012 (PEMANDU, 2012a). Even though one needs to be cautious with some of the claims of the government (a point elaborated later) the progress recorded is nonetheless significant. Never before did a reform initiative produce such visible impacts within such a short period of time, observed one retired public servant.

Table 2: GTP results achievement (%) of NKRA targets, 2010-2012

NKRAs	2010	2011	2012
Crime	168	130	102
Corruption	121	134	91
Education	156	188	118
Poverty alleviation	79	103	112
Rural development	91	123	116
Urban public transport	107	108	109
Cost of living	-	-	110
Composite score	121	131	109

Source: PEMANDU data

There is evidence of tangible improvements in service delivery in various areas. Urban public transport has improved in the sense of more frequent and timely bus and LRT services. There is evidence of increased efficiency and better performance of government agencies at regional and local levels. Although this is not related to the GTP targets and KPIs, McCourt (2012) finds that local development orders are now processed much faster than previously (in 3 months instead of previous norm of 12 months) and out-patient clinics at state health service are opening daily for the first time. A high profile international performance review committee⁴ that appraised and assessed Malaysia's GTP in 2010, 2011 and 2012 commended the success of the approach, especially the impressive speed of the implementation and delivery, the

clarity of purposes and goals and measurable results, plus the high level of leadership and accountability. According to Sir Michael Barber, the former Head of the UK's Performance Management & Delivery Unit (PMDU) from 2001 to 2005, GTP 2010 results "were nothing short of amazing." The following year he noted:

Once again, the GTP has outdone itself and produced a string of impressive results for Malaysia. Personally speaking, I do not know of any other government in the world that has adopted such an approach and delivered such big fast results across such a wide range of public sector outcomes" (PEMANDU, 2011).

Notwithstanding all this, it must be stated that the GTP is neither revolutionary as presumed, nor without problems and detractors. What follows below is an attempt to identify some of the limitations of, and current concerns with, the GTP. First, it is not novel – it is merely an extension of the GLC transformation programme. The plethora of KPIs introduced in GLCs, and later for government agencies have provided the foundation on which the GTP is based. Conceptually, the GTP and PEMANDU have parallels elsewhere, especially in the UK. The success of the Performance Management and Delivery Unit (PMDU) of Tony Blair's government in UK inspired Najib to imitate the UK model. Thus, in hindsight, the GTP is a policy transfer from the UK rather than a local policy innovation in service delivery and performance management. What sets it apart from the earlier efforts is its emphasis on a more systematic and diligent approach to implementation, constant monitoring and evaluation. Although the initial results are encouraging, they are not without controversies, as outlined below. While the mainstream media has been among the staunchest supporters of the GTP and its accomplishments (perhaps nothing surprising as virtually the entire print and electronic media is owned by the elites of the ruling coalition) sections of citizens and the opposition increasingly question several aspects of the GTP and the new outfit - PEMANDU. The latter is seen as an elite structure, and its huge budget has drawn strong criticisms. Besides massive initial consultant fees, PEMANDU's operating budget is considered to be too high to be acceptable. Also, it has not enjoyed an unqualified support from civil servants. In fact, the high salary of PEMANDU staff has been a cause of unease among many of the public servants (Iyer, 2011).

Notwithstanding the rigorous and systematic implementation and performance monitoring that the GTP is characterised, it has given rise to problems of gaming and data manipulation. On its part, PEMANDU has sought to address such problems, yet there are concerns especially about the quality of data and accuracy of results claimed. This is because government's statistics do not match the soaring crime rate with kidnapping, rape and robbery becoming a commonplace. The recent months have seen a worsening security situation with rises in drive-by shooting and gangland killings. In fact, lately the credibility of PEMANDU's claim of impressive gains made has suffered a serious blow following the revelation of widespread manipulation of crime data within the Royal Malaysian Police. In his letter, an anonymous whistleblower with 30 years of experience in the job has indicated how false and misleading the "big wins" or "big fast results" could be given that the data for crime statistics have been systematically manipulated to present an extraordinary success of the police force in reducing crime rates in the country. The officer has alleged that there was a systematic attempt to lower the crime statistics by shifting the index crime to non-index crime when a police report is lodged. He also cited examples where foreigners with work permits being arrested just to increase statistics and there are times when suspects of other cases are shifted around just to "close" the case (Sen, 2012). All this was revealed in a letter to the Members of Parliament shortly after the GTP Annual Report 2011 was released.

It is relevant to point out that the PEMANDU boasted that street crimes had been reduced by a "phenomenal" 39.7% while the overall crime index had also fallen by a very commendable 11.1% making Malaysia the safest country in Southeast Asia, even safer than Singapore. Clearly, all these claims were built on artificial and manipulated data. Insiders of the Malaysian Police have confirmed the validity of allegations made and attributed all this to NKRA under which they were forced to reach impossible targets. In a context where whistleblowing is almost non-existent (only recently a law has been enacted), it is unclear how widespread such practices are. But even the limited evidence suggests that the "big results" may not be as big as claimed.

At times, PEMANDU is accused of selective reporting and glorifying success, while keeping silent about failures. This is clearly evident in the first GTP annual report which totally omitted CPI data on corruption,

even though fighting corruption is one of the NKRAAs where improving Malaysia's CPI score from 4.5 to 4.9 was the initial target (2010). Even the international review panel that commended GTP for its impressive success did not highlight government's failures to meet one of the two internationally benchmarked NKRAAs – Transparency International's CPI score (McCourt, 2012, p. 2333). In its 2012 report, PEMANDU takes pride on improvement of Malaysia's CPI rank from previous 60 (2011) to 54 (2012); what the report does not say is that in 2012 TI used a different methodology and the number of countries involved was 176 in place of 183 in 2011, which makes any such comparison meaningless. Critics provide further evidence of inconsistency in GTP reports. Citing data from the Global Competitiveness Report where Malaysia has slipped, they argue that the GTP is not working, as claimed. GTP report shows that when Malaysia's overall ranking improved in 2011 it figured prominently but as the ranking fell subsequently it did not get reflected in 2012 report.⁵

More importantly, transformation under the GTP is subject to debate for its inherent limitations and paradoxes. It appears to emphasise procedural as opposed to structural transformation. Not surprisingly, some critics see it as being more a slogan than substance. In a way, the term "transformation" is a misnomer for it does not address the structural problems of governance and service delivery. A respondent calls it "a transformation programme without any meaningful transformation" to suggest the need for a profound in governance and delivery systems. Despite transformation being a mantra of the current government, Malaysia continues to be as centralised as before, bureaucratic structures and operational processes have remained virtually unaltered. With 1.4 million public servants representing 10% of the labour force, Malaysia has one of the largest civil services in the world. Civil servants to population ratio is also among the highest in the region: in Malaysia ratio is 4.68% compared to 1.4% in Singapore, 1.79% in Indonesia, 1.85% in South Korea and 2.06% in Thailand (*The Malaysian Insider*, 2013). The GTP has done little either to redefine the federal-state relations or to promote merit, accountability and transparency in the public sector. Public service appointment and promotion system continues to be governed by old policy that reserves 80% of positions for *Bumiputeras* – widely seen as a break to efficiency and performance improvement in the public sector (Navaratnam, 2004). Despite government's initial promise of inclusive and merit-based approach, enhanced accountability

and transparency, etc., the GTP and other reforms have produced hardly anything of substance in these areas. The other concern is that the GTP has produced a few “pockets of excellence” in service delivery, but it has no impacts elsewhere on wider bureaucracy where its business remains as usual. In other words, the “islands of success” model under the GTP has caused balkanisation of public service with different parts of the bureaucracy operating at different speeds (Xavier, 2013).

Finally, the GTP is criticized as being a political project - one driven by a hidden agenda, i.e., to keep the ruling *Barisan Nasional* and the PM in power. For them, it is not a transformational programme but one rhetorically used by the ruling elites in weathering the season of change. As indicated, Najib succeeded Abdullah on the back of the ruling coalition’s worst electoral performance ever (Chin, 2010; O’Shannassy, 2013). The government was threatened by a changed political landscape and a resurgent opposition under the deposed former Deputy Prime Minister, Anwar Ibrahim. Najib saw his future and that of his government in jeopardy unless public frustration with poor state of service delivery and other governance issues are tackled urgently. With next elections not too far away, Najib desperately needed a programme which would bolster the support for the government helping it to remain in power (O’Shannassy, 2013). Personally, he needed a fresh mandate as he was not directly elected but appointed to the office, by being Abdullah’s deputy. Though he received the mandate subsequently via 2013 elections, the political imperative for him was compelling, to say the least. The urgency was echoed by the PM himself who alerted his cabinet colleagues uneasy about the scale of change with the following words: “I must execute or be executed” (Najib, 2010, March 23, cited in Comin and Peng, 2011, p. 1). Accordingly, the entire scheme was designed and implemented keeping the next elections in mind. Some of the NKRA’s and a variety of pro-poor programmes were adopted to appeal UMNO’s key constituency – the *Bumiputeras*. The political role of the GTP became conspicuous as the latest GTP report was released just ahead of the 13th general elections held on May 5, 2013. Citing the success of the GTP and ETP, Najib urged the Malaysians to stay the transformation course with the government. Clearly, he was leveraging the release of the GTP report card to shore up public support for his government. Najib’s strategy has paid-off: his ruling coalition survived the closely fought elections, bagging 133 seats in the parliament- down from 140 it won in 2008.

Concluding remarks

What does the GTP experience show as a strategy of public service reform? What lessons, if any, does the GTP case hold for other developing countries? What emerges from the Malaysian case is that despite some unintended consequences and missed targets, the GTP has generally produced favourable impacts across main NKRA of reducing crime, improving educational outcomes, public transport, rural infrastructure development and poverty alleviation. Despite varied criticisms and concerns, the GTP's initial results cannot be dismissed. It is obvious that the GTP is neither revolutionary nor perfect, but it has made a solid start in terms of improved public services and a culture of performance measurement in the public service. Can this be sustained and can the GTP success be replicated in other areas of the public service and beyond Malaysia? This is an open question. To answer this, we must allow more time; at the same time, more research would be required before a firm conclusion could be made to inform theory and practice of performance management. What is possible at this stage is to identify the key factors that underpin its early success. The provisional success of the GTP can be attributed to a number of factors including the following:

- *Strong political support* to GTP reflected in the Prime Minister's personal involvement in the programme including monthly review of NKRA and half-yearly evaluation of the minister's performance (which is now done by the Deputy Prime Minister). This has also ensured that the programme commands sufficient resources and support of bureaucrats including those at the street level.
- *A separate institutional vehicle* responsible for monitoring and implementation of the programme. As a hybrid organisation that brings together the best of talent from private and public sectors, PEMANDU plays a critical role by driving the ministers and ministries towards achieving their performance targets. Besides overseeing the implementation of the GTP, it also serves as an intermediary facilitating coordination between various ministries and agencies. As noted, the progress in each NKRA is constantly monitored by a separate and dedicated division within PEMANDU, thus keeping the agencies and ministries on their toes.

- *A successful leader and champion* with access to political leadership. It is widely believed that the charismatic leadership of Idris Jala is a critical factor that facilitated the rapid implementation of GTP producing encouraging results. He has introduced innovative lab methodology to generate ideas and solutions by involving all relevant stakeholders. He is seen as the lynchpin of the GTP who has not only provided the much needed leadership but also injected fresh ideas and approaches for tackling implementation challenges.
- *The “diagnostic and consultative nature” of the reform* (Xavier, 2013) has much to explain its provisional success. The series of intense problem solving labs helped not only identify some real service delivery issues and implementation plans, they also helped overcome structural barriers by bringing relevant stakeholders into co-production mode.
- *Alignment of individual KPIs with ministerial KPIs and NKRAAs*. It is such alignment which has ensured that efforts and programmes at various levels lead to desired goals and accomplishment of performance targets. Also the delivery chain connecting the policy makers to the end users has helped establish powerful links between planning and implementation.
- *Involvement of significant resources* including senior government decision makers from all relevant ministries, departments and agencies, thus ensuring their commitment and contribution to the programme. The generous funding and flexibility in resource use helped considerably to keep the reform on track.
- *Transparency and accountability* manifested in the annual reporting system that produces pressure on the government and helps build public confidence in governmental efforts. This has been bolstered by periodic communication of GTP progress and updates through the mass media.

Obviously, the GTP experience offers important lessons to all those keen to improve service delivery and performance management in the public sector. In particular, developing countries with similar socio-economic characteristics have much to gain from the Malaysian experience with the GTP. There is evidence that the “learning process” is well underway. The initial success of the GTP has already made

it the focus of international attention with an increasing number of foreign delegates visiting Malaysia to learn and benefit from the experience. Thus, as with its much imitated Vision 2020, Malaysia's GTP has attracted much interest within the region and beyond. While implications are many, a key message of the GTP experience is that success of reform depends on a plethora of factors. At the very least, reformers and reform initiatives must not lose sight of the following. First, political commitment at the highest level is the key to initiating and sustaining successful reform. Second, reform programmes should be problem-driven, identified locally to enhance credibility and trust of key stakeholders. Third, citizen/stakeholder involvement in the problem identification and reform design is a vital element of a successful reform. Fourth, international "best practice" model delivers results only when it is contextualised to reflect local circumstances and needs. Fifth, managers at various levels must be held accountable for their performance and results. Sixth, there is a need to devise a robust and effective oversight and monitoring mechanism. Finally, the Malaysian experience also suggests that it is important to set realistic targets, incentivise and regularly monitor implementing agencies to achieve targets through KPIs, and support them with necessary resources and advice.

Endnotes

1. The other notable initiatives of the Najib government include the Economic Transformation Programme (ETP) and the New Economic Model (NEM) geared towards promoting Malaysia's competitiveness and economic growth so as to achieve a high income country status by 2020.
2. The specific objectives of GTP are (i) to enhance the efficiency and effectiveness in the delivery of governmental services and to make it accountable for services that matter to the citizens most, and (ii) to propel Malaysia to become an advanced, united and just society with highest standards of living for all (PMD, 2010).
3. A study of local government found that by the end of 2007 not many local authorities had fully implemented the KPI system. Some just received training by their respective state governments, while others were in the process of formulating KPIs. Worse still, some local councils have not implemented the system (Rauf and Asmah, 2013).

4. Members of the panel included Michael Barber from private consulting firm McKinsey & Co., Michael Hershman, co-founder of Transparency International (TI), Steven Sedgewick, the Australian Public Service Commissioner; and two senior figures from the IMF.

5. In 2012, Malaysia's ranking fell for wastefulness of government spending from 21 to 25th position ranking fell from 12 to 19 for business cost of crime and violence from 63 to 69, organised crime from 54 to 60 and quality of roads from 17 to 20 (Ming, 2012).

Acknowledgement:

The author would like to acknowledge the support of the Department of Political Science, Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM where he was a Visiting Professor from July 2013 to February 2014 when research for the paper was undertaken.

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