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Sustainable Public Sector Performance through a Diagnostic Approach to Performance Management: the case of the Performance Management and Delivery Unit of Malaysia

By

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Abstract

Although slow in their intended impact, previous performance management reforms did impact on the tapestry of service delivery across the world. Previous reforms reflected contemporary administrative reforms in the public services of developed countries. These reforms were broad in their approach. They applied across the public service with the view to modernising public administration and improving public service delivery. The latest series of performance management reform in Malaysia under the umbrella of the government transformation programme (GTP) takes on a focused approach to service delivery. Through the institution of the Performance Management Delivery Unit (PMDU) of the Prime Minister’s Office, performance management in seven national key results areas (NKRAs) have been implemented to focus public sector policies to secure big results fast in those policy areas.

This paper uses a case study methodology to assess how the design and implementation of the performance management system (PMS) by the PMDU Malaysia has contributed to the development of policies for enhanced service delivery. Such enhancements should improve the competitiveness of a country and thereby put it on a sustainable growth path.

This institutional approach of the Malaysian PMDU was first pioneered in the UK and imitated in countries such as Malaysia, Indonesia and Chile, to effect public service improvements.

This paper draws on the findings from semi-structured interviews with selected senior bureaucrats from across the Malaysian public service and documentary sources to outline the impact of this specialised institutional approach at performance management on public policy,

inter-agency collaboration and sharing of resources for service delivery improvements. It especially reviews the rationale for the institutional approach of the latest GTP and assesses its progress since its inception.

The paper argues that this institutional approach through a dedicated unit – the PMDU - to improve performance management has brought improvements in a relatively shorter time. Patterned along a similar model in the UK, the PMDU has bucked the trend of limited success in previous attempts at performance management.

The success is also due to another aspect of the institutional approach – the direct involvement of the political leadership and the concentration of resources and effort to the NKRA's. The progress secured through such an institutional approach in the UK and Malaysia offers answers to the two questions posed by this conference:

- (1) How can PMS help the public sector implement sustainable policies, especially in public service delivery? and
- (2) How can PMS contribute to the advancement of knowledge in public policy to promote sustainable growth?

Introduction

In 2008, Malaysia introduced a novel approach to public services improvement. Traditionally, public service reforms have cast their net wide to encompass the whole of the public service in their initiative to improve service delivery. The PMDU in the Malaysian Prime Minister's Office takes a focused approach to public service delivery. In its method of operation the PMDU adapts a similar model implemented in the UK by Tony Blair during his second term. This section describes the UK Prime Minister's Delivery Unit model (2001-2005) headed by Michael Barber and assesses the extent of convergence of the Malaysian model to the UK model.

Tony Blair's Labour government came to power in 1997 after 18 years of Conservative rule. It was elected on strong promises of improvements to public services especially health and education. At that time, the waiting list for hospital services was long while less than 60% of the 11-year olds reached acceptable standards of English and mathematics. During this term Blair introduced several initiatives. These reforms included the 1997 Standards and Effectiveness Unit headed by Barber in the Department of Education, the 1998 three-year Spending Reviews and Public Service Agreements (PSAs) and the 2000 National Health Service Ten-year Plan.

While achievements in some areas were commendable, in other areas improvements were slow to arrive. Hospital waiting lists were still too long amid worsening public opinion of the NHS. Without an overall 'enforcer' of public service reform, individual successes were scored

on the back of the commitment of individual ministers and officials. And the British public was still impatient for improved services.

As such, upon comfortably winning the 2001 General Election, Tony Blair reiterated his promise to reform the public service. This time round, he created the Prime Minister's Delivery Unit and appointed Barber as the head. With a talented staff of about 50 drawn from the civil service and the private sector and having the personal support of the prime minister, PMDU's mission was to deliver on key performance service agreements in Health, Education, Criminal Justice and Transport. The focus was to be on a small number of priorities of the prime minister where short-term impact was possible. Short-term wins through resource commitments were crucial for sustaining interest in the reform while maintaining the reputation of PMDU. The Unit was to secure a win-win relationship with ministers and the public service. The ultimate goal was to strengthen the capacity to deliver public services across the government.

Accordingly, clear and ambitious targets totally 50 were set for key services with trajectories of achievement over a particular period of performance. Ministers were held personally accountable for these targets. In addition, KPIs were established to manage performance of all ministers (Barber, 2009).

The prime minister's role was the lynchpin to the success of the Unit and to the delivery on the performance targets. The prime minister demonstrated active and visible support to the PMDU's agenda. He chaired quarterly 'stocktaking' meetings with each of the four ministers and his or her officials. The meetings were to solve implementation bottlenecks. In addition, the prime minister met monthly Barber and the related ministries for performance updates. He also reviewed weekly briefing notes and semi-annual delivery reports on the achievement of performance targets. He also chaired weekly breakthrough teams such as the team charged with reducing crime. In such meetings standard decision-making was short-circuited and special allocation was provided to ensure performance achievement.

PMDU developed roadmaps for delivering on the targets. Through a system of traffic lights and league tables to assess performance achievement, hard discipline of targets, accountability for performance and rewards and recognition for the achievement of performance, the UK PMDU and the ministers in question were able to deliver on the performance targets. This successful delivery secured another handsome third election victory for Tony Blair in 2005. The whole edifice came to be known as 'Deliverology' (Dixon, 2012; Barber 2007).

Theoretical Framework: best practice vs. problem-solving approach to performance management

The recent World Bank document on the Approach to Public Sector Management (2011) crystallises two broad approaches to public sector reform and, accordingly, performance

management reform: the best-practice approach and the problem-solving approach. In adopting the best practice approach, countries benchmark best practices in public management so as to be seen to be performing in the esteem of an increasingly skeptical society that seems resigned to mediocre public service delivery. The compulsion to adopt best practices can also be interpreted as a response to the demands for performance by the political leadership that is impatient to see improvements in service delivery.

In the Malaysian public service, best practices of role-model First World countries have shaped the nature and content of its performance management system reforms. For example, best practices for the PMS have been adopted, *mutatis mutandis*, from the UK, USA, Australia and New Zealand (performance-based budgeting) and Japan (quality control circles, quality management, productivity improvement and performance-related salary).

The best-practice approach to the modernisation of the PMS is often activity-based or processual as, for example, productivity improvement, KPI development, accounting systems, and automated management information system to provide performance data. As such, these reforms neglect to focus on the specific problem being solved.

While adaptation of the best practice to a particular context may be a plausible alternative, it still does not address the fundamental issue of whether, firstly, there is urgency for that change and, secondly, whether that change best fits the context within which it will be played out. As such, there is a potential for a misfit between the reform effort and the environment to which it is bolted. Without realigning the two - reform and the environment - poor outcomes for the reform effort will be the inevitable result (McCourt, 2011).

It is also because problems and expected results are either unstated or stated in such nebulous terms (as, for example, enhanced service delivery or improved public sector operations) that best-practice reforms fail to inspire or sustain the PMS reform effort. As the PMS reform flags, attention gets diverted elsewhere, especially to another set of PMS reforms, in the hope of bringing about sustainable policies on performance improvement. So, despite the huge effort and resources expended, all that the PMS reforms engender is skepticism within the ranks of the public service. In the end, such PMS reforms do poorly.

Notwithstanding, combined, past PMS reforms in Malaysia did promote the cause of efficiency improvement. That impact must be attributed to not only the scale of the reform – embracing the whole of the public service - and the amount of resources put into it, but also to the persistence by the government in buffeting the public service with one reform after another.

In contrast to the continuous and generalised approach to PMS reform on the back of best practices, the problem-solving approach to performance management focuses on the problem or need to be met in service delivery and the intended outcomes from that reform. The Prime

Minister's Delivery Unit (PMDU) of the UK public service - and its namesake in Malaysia (Performance Management Delivery Unit or PEMANDU), established by the Malaysian Prime Minister Najib, are instances of reforms to address specific performance problems. Tony Blair's PMD unit that sought to improve selected public services to address specific performance issues, such as health, education and transport was such a success that it spawned similar structures in Malaysia, Indonesia, Chile, Australia and elsewhere (Barber, 2007).

These problem-based reforms came with specific performance targets and coordinating mechanisms to effect cross-agency collaboration to ensure the achievement of those targets. Knowing exactly what has to be achieved will help shunt disproportionate amount of resources to that effort which would otherwise have been dissipated – with limited impact on services - were resources allocated to implementing reform service-wide.

Land administration reforms of the 1970s succeeded on the back of specific objectives of eradicating poverty. They improved the income levels of settlers and sustained agricultural development in the country. The Business Facilitation Committee (PEMUDAH) of the Malaysian government scores a similar success in performance management. Its objective is specific and singular: to climb up the international league table (of the World Bank for example) on competitiveness by tearing down bureaucracy. Through its strong public sector-private sector consultations, PEMUDAH has promoted faster clearance of exports and imports, improvements in tax administration, registration of property, facilitating e-payments and improving processing time of myriad applications for public services.

The focused approach to service delivery improvements also finds favour in the Blue Ocean Strategy of Chan Kim and Rene Moubornge (2005). Reminiscent of the Powell Doctrine of using disproportionate force to eliminate an enemy, the Blue Ocean Strategy too advocates shunting a disproportionate amount of resources in executing a strategy. Such was the method of Bratten, commissioner the New York Police Department in the mid-nineties, in bringing down the crime rate there. The philosophy behind this focused approach to performance management is to bring about a tipping point where the strategy gathers sufficient momentum of its own to realise the anticipated outcomes (see Gladwell, 2007).

PMS reflects the New Public Management paradigm

Both the service-wide and the problem-based PMS initiatives reflect the current paradigm of responsive governance. Figure 1 below highlights the evolution of public administrative paradigms. Responsive governance builds on the New Public Management with its focus on responsiveness and citizen participation in public administration. (The World Bank approach mirrors the elements of the New Value Management paradigm (see O'Flynn, 2007).)

As Figure 1 illustrates, responsive governance is the paradigm of public administration today across the public services around the world. In this highly consumerist world, citizens want to have a voice in public decision-making. They want better quality and quicker delivery of public services at affordable prices. They demand value-for-money from and greater accountability and transparency in public operations. In short, citizens want a more responsive government to meet their needs. The focus of this responsive governance paradigm is not only in the results of government operations but also in the processes involved in delivering performance (Xavier and Sambasivan, 2011).

Figure 1
Changing Public Administration Paradigm

Paradigm	Public Administration (Pre 90s)	New Public Management (90s)	Responsive Governance (2000s)
Citizen-state relationship	Obedience	Entitlement	Empowerment
Accountability of senior officials	Politician	Customers	Citizen and stakeholders
Guiding principles	Compliance with rules and regulations	Efficiency and results	Accountability, transparency and participation
Criteria of success	Output	Outcome	Process
Key attribute	Impartiality	Professionalism	Responsiveness

Source: World Bank Public Sector Report 2005

The Public Service Performance Improvement Journey

This section highlights Malaysia’s key reform initiatives to improve performance management in government. These reforms are largely adaptations of best practices from public services abroad. Except for the Government Transformation Programme (GTP), these performance improvement reforms represent cross-the-board and best-practice initiatives.

Since the trail-blazing report of Montgomery and Esman (1965) on the need to modernise the Malaysian public administration, the public service has persisted with its agenda of performance improvement. That dedication has made it become the benchmark among developing countries for PMS reform (Xavier, 2009).

It is to the late 60s that we must hark back to see the first seeds of performance improvement in the public service. Then, the government introduced the Planning, Programming and Budgeting System (PPBS) in 1968.¹ The PPBS sought to allocate budgets across government

programmes on the basis of planned levels of performance, thereby, departing from the traditional line item budgeting that the government had inherited from the colonial masters.

However, its lacklustre performance caused the Treasury in 1988 to make radical modifications to PPBS. These modifications - entitled the Modified Budgeting System (MBS) - sought to resuscitate performance measurement and programme evaluation through a system of performance agreements. Performance agreements sought to revive the principle of budgeting based on planned performance.ⁱⁱ These components had lain emaciated under the PPBS.

The government's introduction of office automation (electronic government) to promote office productivity, the New Remuneration Scheme that promoted accelerated increments based on performance and the creation of a high-performance work culture founded upon integrity were also among the major reforms of the 1990s to improve government performance. Public service quality awards - that emphasised service delivery improvement as a central criterion for selection - further motivated agencies to enhance quality in service delivery.

The Micro-Accounting System (MAS) was introduced in 1987 and further revamped it in 1992 to fortify performance measurement by introducing output costing.ⁱⁱⁱ By enabling agencies to identify the cost of their outputs, the MAS allowed budgets to be prepared by compiling the costs of the planned levels of outputs.

Closely on the heels of the MBS, the government introduced the Productivity Improvement initiative 1991.^{iv} This initiative was to help identify key productivity indicators that would feed into the performance agreements under MBS.

As if these initiatives were not enough to instil a culture of performance within the public service, the government introduced the Total Quality Management or TQM in 1992.^v Again, this new initiative was to build on past schemes of performance management. It was to keep the issue of performance management alive in the public service.

To further ensure performance, ministries actively sought to draw up their clients' charter beginning 1993.^{vi} The Clients' Charter took the TQM one notch higher by not only emphasising customer orientation in government performance but also committing the public service to a set of publicly documented commitments on the quality and timeliness of the services provided.

Again, the emphasis was to gradually build on past practices so that a culture of performance can evolve within the public service. To further build on the TQM emphasis on quality control, government agencies actively pursued the MS ISO 9001 certification (and other subsequent versions) as of 1996.^{vii}

Benchmarking joined the long yet interrelated performance management reform list in 1999.^{viii} Benchmarking again was another pour of concrete on the foundation of a public service culture of performance.

The 2005 Key Performance Indicators (KPIs) initiative joined the long line of illustrious performance management systems to further take government performance to a higher ground.^{ix} This KPI initiative was further strengthened by the 2007 Treasury Strategic KPI initiative. The Treasury strategic KPI initiative requires agencies to identify strategic result areas and their KPIs to measure results in the strategic areas.

2006 further saw the auditor-general evaluating the financial management performance of ministries and ranking their performance annually on the basis of stars. In 2007 the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) also came up with its star rating system to rank ministries the overall performance of a ministry's management. The criteria of performance assessment include strategic planning and evaluation of execution, human resource management, financial management, policy and programme formulation, execution and evaluation and complaints management.

The rating systems of the auditor-general and MAMPU put pressure upon agencies to continually improve their public and financial management so that they can secure the most prestigious rating. These star rating systems are part of the public armoury on performance management designed to enhance public management performance (Xavier 2009).

Beyond the star ratings, the government introduced business facilitation, horizontal or joined-up government, the GTP and outcomes-based budgeting. Again, the idea is the same: to build on the past initiatives at cultivating a public service culture that values performance and quality service to its citizens. Each new initiative was to snowball upon another to create a critical mass or synergy to permanently embed performance improvement in the public service. This kind of snowballing is how a public service undergoes a paradigm shift to a high performance culture.

Origin of GTP and PEMANDU

While the previous section outlined the best practices adopted for enhancing performance, this section highlights the problem-solving or diagnostic approach to performance management. In particular, it highlights the current state of these best-practice reforms and describes the Government Transformation Programme (GTP).

Taking its inspiration from the UK model, PEMANDU comes as a culmination of five decades of experimentation with performance-management reforms starting from the introduction of programme and performance budgeting in 1968. Some of these earlier reforms have since faded. For example, despite its revival five years after its introduction in 1987, the micro-accounting initiative did not make much inroad into costing of outputs so that budgets could then be prepared and justified on the basis of their costs. Performance-based budgeting, introduced in 1968 and modified in 1990, has recently morphed into outcomes-based budgeting (OBB). Other reforms have become part of the administrative fabric of the public service – some obtaining greater attention as, for example, star rating and KPIs, while others shamble along such as productivity improvement, TQM and ISO.

Given their broad scope and covering the whole of the public service, they were not focused on any particular aspect of service delivery. The general remit was performance improvement across the public service. As such, many of these reforms have had limited impact in terms of performance improvements compared to the amount of resources expended for the service-wide effort. Notwithstanding, these peristaltic waves of reform to performance management kept the performance improvement agenda alive. Coming one after another, they elevated performance to a higher plane than before (Xavier 1997).

In its conception, the GTP has political and administrative roots. Its administrative roots can be traced to the earlier reform efforts, especially those reforms that championed KPIs and performance targets for public service improvement. GTP can also be conceived as a policy innovation inspired by a similar experiment in the UK.

GTP's political roots can be seen in the political tsunami of 2008 where the ruling coalition (Barisan Nasional or BN) that had ruled the country since independence in 1957 took a walloping in the polls which saw it losing, for the first time its two-thirds majority in parliament and five of the 13 states when previously only one was in opposition hands. The electoral disaster was a clear signal of public frustration at the state of service delivery.^x The government did not perform as it promised, especially in the areas of integrity and transparency in public policy making. It eventually caused the then incumbent Prime Minister Abdullah Ahmad Badawi to make way to his deputy Najib Tun Razak in April 2009.

With the election fiasco fresh in his mind, Najib was in a hurry to achieve big results fast. Then, the next election within four years was not far away and Najib wanted a fresh mandate as he was not directly elected, but appointed, to the high office. While the bureaucracy could continue to carry out continuous improvement, Najib felt that there must be a parallel mechanism to fast track performance in those areas – crime, corruption, urban public transportation – over which the electorate had signaled its frustration at the ballot box. Under his government banner of “1 Malaysia, People First, Performance Now”, Najib publicly

acknowledged that the days of 'government knows best' are over and that the public's voice will be heard in policy-making. One minister's remarks: "We must change or we will be changed," captures the urgency of the exercise.

Particularly impressed with the 2005 transformation of government-linked companies (GLCs) through tracking performance with KPIs and the assumed electoral pay-off, Najib imposed a similar discipline of corporate governance upon his ministers. Khazanah Nasional (the government investment arm that had pioneered the GLC transformation) was appointed to undertake this government transformation programme in partnership with central agencies such as the Public Service Department, Ministry of Finance and the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) of the Prime Minister's Department. A minister of national unity and performance management was appointed to specifically take charge of this agenda of securing big results fast in those critical areas of concern to the public.

In 2009, a series of public opinion polls to identify the areas of public concern revealed six areas. These areas were nominated as the key national result areas (NKRAs) to target performance improvements: crime, corruption, urban transportation, rural infrastructure, improving student outcomes and poverty.^{xi} Lead ministers and their respective performance targets – near and long term - as well as inter-ministry collaboration required to pursue performance were identified. The rest of the ministers were also subject to KPI assessment not only to gauge their ministerial performance but also to determine their candidature for the coming elections.

Cabinet workshops were held to enable ministers to review each other's KPIs. Seven laboratories comprising senior representatives from related ministries were convened to hammer out initiatives that must be taken to achieve those targets. These KPIs, their performance targets and the initiatives to achieve them were documented and made available to the public. Their feedback was sought in the three open days held across the country. Of the 8,500 who attended 84% polled that they supported the GTP while 71% was confident that the government will be able to achieve the performance targets set across the NKRA (Idris Jala 2011).

Based on the feedback of both the ministers and the public including opposition politicians, the KPIs and performance targets of the NKRAs were honed. Combined, the KPIs, performance targets and the roadmap to achieve these performance targets constituted the GTP.

A performance management delivery unit in the prime minister's office, patterned along the PMD Unit under Tony Blair's office, was established to take over the loose coalition led by Khazanah Nasional to drive the GTP. Idris Jala, then the CEO of the Malaysian Airlines who was credited for turning the airlines around, was recruited to head PEMANDU in September 2009.

He was made a cabinet minister without portfolio so that he had access to the cabinet collectively as well as to individual ministers. That two ministers now were put in charge of GTP – one in a supervisory role while the other in an executive role – demonstrates the seriousness of Najib to carry out the GTP while signaling that the transformation programme was to be worked at collectively by all ministers (Iyer, 2011).^{xii}

Coordinating Mechanisms of PEMANDU

PEMANDU is not any ordinary government agency. It has flexibilities in resource allocation and operations. Being housed in the Prime Minister's office, it reflected a strategy paradigm and not a budget or a planning paradigm. The latter would have been the case had it been located within the ministry of finance or MAMPU respectively. A hybrid unit staffed by personnel from the private and public sectors and remunerated according to private sector standards, PEMANDU is structured by divisions headed by a director dedicated to monitoring the achievement of the performance targets under his or her respective NKRA. One director is made responsible to follow up KPIs of ministers who were not lead ministers of NKRA.^{xiii}

A top-down steering assumption circumscribes the coordination efforts in reaching the goals of the NKRA. Crisis centralises power to make policies work. This is evident in the way performance in the NKRA is managed and the way the Prime Minister line manages the ministers.

The Prime Minister (and later the Deputy Prime Minister) chairs the monthly delivery task force (DTF) meetings with each lead minister and with the PEMANDU CEO in attendance. Totaling 6-8 hours a month, these meetings are to appraise progress on each of the NKRA and review any impediments to achieving the performance targets. Using the traffic light system the progress in achievement of the NKRA performance targets are scored. A 90% achievement on his or her performance targets will earn a green light for the minister concerned. KPIs of the rest of the ministers are reviewed every six months. And every six months, ministers are ranked in a league table according to their performance. One PEMANDU director remarked: "What wakes up the ministers is this sense of competition among them that the league table creates."

At the start of the GTP, the PEMANDU CEO held problem-solving meetings with lead ministers and their representatives to see how bottlenecks in implementing the GTP roadmap could be overcome. As implementation has bedded down, these meetings are held as and when the need arises. Additionally, each ministry secretary-general chairs a meeting with the relevant PEMANDU director and his or her ministerial delivery management team. Conducted monthly, these meetings not only review progress regarding the respective NKRA but also represent a pre-council meeting in preparation of the DTF meetings.

To foster competition and help achieve the relevant NKRA targets, PEMANDU has also ranked in a league table the performance of schools, police stations and local authorities.

To foster competition and, consequently, performance within divisions, PEMANDU also ranks its directors weekly. Such rankings will also determine the quantum of bonus that he or she will get at the end of the year. Given empowerment and inspiring leadership at the top, PEMANDU staff remains motivated to helping ministries achieve their performance targets

Progress in NKRAs

Figure 3 highlights the key performance targets and achievements across the NKRA. The performance on most KPIs demonstrates that the GTP has performed commendably.

Crime rate has gone down by 27% over 2010-2012. It continues to do so, thereby, testifying to the efficacy of innovative policing. The fight against corruption too has had a positive impact on the Corruption Perception Index (CPI) which declined from 60 in 2011 to 54 in 2012. There has been greater cooperation forthcoming from the private sector in corruption prevention efforts and unprecedented collaboration among key enforcement agencies.

Similarly, student outcomes too have improved with the average pre-school enrolment being 98%. This has been largely due to the building of over 3000 new schools, launch of several innovative systems and tools to enhance the overall education system. The number of low performing schools almost halved in 2012 (216) from the figure in 2011 (380).

On the poverty eradication front, hard-core poverty appears to have been wiped out. In 2012 over 109,000 people were moved out of poverty. Some 4.3 million people in rural areas have been positively impacted through improvements in rural basic infrastructure over the three years of GTP implementation. Significant improvements have also been made in urban public transportation. Notable achievements include refurbishment of 468 bus stops and the introduction of 470 buses in Klang Valley (GTP, 2011, 2012). See also Figure three on the achievement of NKRA targets.

Figure 3: NKRA Target Achievements

National Key Performance Indicators	2010	2011	2012 (Up to Sept.)
Urban Public Transport	107%	108%	84%
Crime	168%	130%	174%
Basic Rural Infrastructure	91%	123%	34%

Education	156%	188%	112%
Low Income Household	79%	103%	60%
Corruption	121%	134%	77%
Composite Scoring	121%	131%	90%

Source: GTP Annual Reports 2011 and 2012

Implications for Policy Reform

This section explains what accounts for the relative success of the design and implementation of the structured PMS by PEMANDU under the GTP, given that policy transfers seldom succeed. The section also identifies the implications of the PEMANDU approach to an across-the-board implementation of PMS throughout the public service. We argue that political leadership, hybrid structure of PEMANDU, model of implementation, and a centralized monitoring and coordination mechanism among the related agencies of the respective NKRA have been instrumental in ensuring performance in the areas of performance critical to government.

Political Commitment and Agency and Citizen Participation

PEMANDU and the NKRA were evidently inspired by Tony Blair's PMDU in the UK. However, what sets PEMANDU apart from the UK experience and other similar spin-offs in other countries is the manner of determination of the NKRA. As with the UK model, the NKRA received not only Cabinet endorsement but also the support of the ministries and the public. Cabinet approved of the NKRA (and, subsequently, the performance targets), as these represented the essence of public discontent as evidenced by various opinion polls over the period 2008 and 2009 and opposition calls echoing similar sentiments at the hustings. This high-level commitment sent clear signals to the bureaucracy that 'business is not as usual'.

For the first time, public service and citizen feedback was obtained systematically. Previous reforms were shaped by central agencies through ad hoc discussions with the related operating (line) agencies. These discussions represented more as a communications medium with little room for operating agencies to alter the substance of the reform or the manner of its implementation. It was not so in the case of the GTP.

The six delivery laboratories that PEMANDU instituted (and another to generate strategies to implement the concept of 1 Malaysia) roped in the participation and commitment of the relevant ministries. Representatives from the related ministries hammered out implementation steps and schedule of implementation for each of the six NKRA. One senior ministry official overseeing an NKRA remarked, "It is so refreshing to participate in these labs where you can

make an impact by hammering out an action plan with your other colleagues. You feel you are part of this whole thing.”

The action plans from the labs obtained not only the relevant ministry top management endorsement but that of Cabinet as well. Additionally, two ministers - with one being the CEO of PEMANDU – were involved in the direct implementation of the NKRA. One senior ministry official suggested, “Without the involvement of the PM and the two ministers, forget it! You are not going to see a reform like the NKRA succeeding.”

In the spirit of the ‘public knows all’, the performance targets and the lab-work detailing what needs to be done across the NKRA were thrown open for public feedback at the three open days held across the nation. As a measure of accountability, the performance targets for the NKRA and the implementation plan were documented in the GTP document. Monthly and annual communications through the mass media were instituted to inform the public of the progress of the NKRA initiatives.

Such measures reflected transparency, public audit and accountability. Additionally, in keeping with responsive governance, the system opened a valve for public feedback to flow through. Such an approach has offered the public that had wanted to see improvements in public services, a fresh perspective of the government’s seriousness over public service delivery improvements.

A unique combination of political and administrative leadership also saw the NKRA being the focus of the PMS reform. Both Cabinet and the top management of the relevant ministries galvanized their effort to see through the accomplishment. Ministers were made accountable to the Prime Minister for results for their own set of KPIs and those relating to the NKRA. Many found Idris Jala (the CEO of PEMANDU) to be the lynchpin for the implementation of the NKRA. Reflective of similar sentiments of other respondents, one senior ministry official commented: “Idris Jala is inspiring. Although an outsider, he is able to carry along the public service to implementing this agenda of the government. He brought the idea of labs and his league table of performance from his private sector days especially in the Malaysian Airlines.”

While political commitment existed in the previous reforms of the government, with most engineered during the Mahathir era, Prime Minister Najib’s personal commitment was crucial for the success of the GTP. Many things gave the prime minister a sense of urgency. He had limited time before the next general elections were due. The prospect of his position and that of his government being in jeopardy at the next elections should he not address those issues that the opposition had exploited to erode the ruling coalition’s grip on parliament was compelling. So was his desire to obtain the mandate of the public to rule as prime minister - given that he had assumed the post by default by virtue of being the deputy, upon the

departure of the previous incumbent. These caused him to tap the public discontent and devise the GTP.

The concern of the cabinet over its political survival and that of individual ministers alloyed with the prime minister's concern to fast track the GTP. The prime minister had publicly announced that the future of the government depended on the way ministers performed.^{xiv} The system allowed ministers to suggest their KPIs and the performance targets. That too won their commitment to the GTP. And with their targets declared to the public, ministers had to get involved in the reform effort.

Execution

As with the UK reform, the GTP relied on systematic and consistent execution of the roadmap for achieving the performance targets. There was a clear focus on things that mattered. A disproportionate amount of resources went to the execution of the GTP. With easy-to-understand KPIs, performance targets and roadmaps, it won the commitment of ministers and bureaucrats alike (Idris Jala, 2012).

Much of the alacrity of PEMANDU can be attributed to its hybrid nature through the import of private sector talent. That allowed for a cross-fertilisation of ideas which brought fresh and innovative approaches to tackling implementation bottlenecks. PEMANDU's vibrancy can also be attributed to the flexibilities it enjoys in running its operations with the minimum of bureaucracy. The methods of performance management – KPIs and performance targets, labs, roadmaps, league tables, use of data to identify hot-spots to concentrate implementation efforts, stock-taking regimen, discharging accountability to the public through periodic communication of GTP progress in the mass media – kept the reform on track.

There is a general acceptance of PEMANDU as the driver of the GTP given its legitimacy as an outfit of the Prime Minister. After the initial confusion about reporting lines, PEMANDU has endeared to the ministries by catalyzing inter-agency collaboration and being an adviser of sorts to the ministry's efforts in achieving performance targets. Ministries approach PEMANDU for help in coordinating their efforts with other related ministries.

However, there is also a perception that PEMANDU has encroached on the turf of the larger bureaucracy that had hitherto spearheaded reform. There is a growing whimper, albeit incipient, that the civil service must take charge of the reform effort; more so, as PEMANDU has embarked on GTP 2. "What is wrong with...PEMANDU pushing through these reforms?" asked a PEMANDU director. "By itself the bureaucracy is slow. Now, with us pushing...things are moving."

While PEMANDU's driving role cannot be gainsaid, the transformation programme has created pockets of excellence in service delivery. "Where the work involves NKRA and PEMANDU you see islands of success. Step out of the NKRA zone and you will find departments shaking legs...If it is PEMANDU work, everything is urgent and things move. If it is not NKRA work, people don't see the urgency," said one senior official. "How nice it will be if it [the urgency] is the same throughout," said another senior bureaucrat. In that respect, the cultural change towards high performance remains balkanised.

Scaling up the GTP

If we want culture change across the board rather than on a 'balkanised' basis then disseminating the PEMANDU approach is crucial. But the sustainability of the approach is questionable if it requires huge amount of resources to finance PEMANDU-type operations across the public service, PM's personal involvement and a charismatic CEO. Although the PM reviews ministers' KPIs monthly and biannually, to obtain an impact of a scale as that of the GTP would require greater resources all round – money, time and effort of the PM and that of PEMANDU and the bureaucracy.

Further, PEMANDU operates with fewer bureaucratic restrictions. Adopting such a minimalist approach to bureaucracy service-wide will alter the face of the bureaucracy.

Sustaining the GTP

The GTP also offers a lesson that reform success comes through sustained push from the centre and by subjecting ministers and ministries to the discipline of performance targets and control. These targets have the welcome effect of enabling the KPIs of secretaries-general to be aligned to those of their ministers. Notwithstanding, one must be careful that KPIs and their targets do not degrade into just another process of 'ticking the boxes'. It can become so if target-setting becomes divorced from the mission and goals of society.

Initiatives may have a limited lifespan. PEMANDU as the driving force of GTP would need to be around to continue to push the public service to achieve the targets set. The public service has come to rely on PEMANDU to be its fulcrum in its implementation effort. This might create a sense of dependency on PEMANDU. Just as PDM Unit was disbanded with the change in the leadership in UK government (Gordon Brown showed little interest in it), the public service cannot rely on a unit such as PEMANDU to drive performance. The public service must ultimately take charge of its own effort to improve its performance and profit from the experience gained from the GTP initiative.

Policy transfer

PEMANDU and the NKRA replicate the UK PMDU. The UK model has transplanted quite successfully when often policy transfers fail. Many reasons can be adduced for this success. One is culture. The public service is a microcosm of the larger society. And in Hofstede's classification, the Malaysian culture is collectivist with greater deference shown to people in authority. As such, most of the reform efforts have been initiated and directed from top (political leadership and central agencies/authorities) to down (operating ministries). As such, the UK model's top-down orientation suits the Malaysian public service nicely.

Another reason for the success of the UK model is that many of the elements that made it a success in the UK exist in the Malaysian public service. The political commitment to reform, urgency to reform given public discontent over public sector performance, the structure of PMS, and the structured and rigorous method of implementation all combine to make the Malaysian model a success as well.

Conclusion

The NKRA initiative in public performance improvement has not only brought tangible benefits in service delivery but also a number of improvements in the way the public service operates.

The answer to the two questions that we set out at the beginning of the paper, that is, how can a PMS ensure policies for sustainable public sector performance and economic growth is the requirement for a dedicated unit at the highest political office to drive performance in the key result areas that are the pain points for society. This role is being played admirably by PEMANDU.

For one, PEMANDU has reenergized that spirit of consultation, cooperation and collaboration in the public service when previously, agencies operated in silos.

The spirit of consultation has also been extended to the public. The NKRA (and the subsequent National Key Economic Area) initiatives did the hitherto unheard job of soliciting public and business participation to its agenda. Such consultation will fortify the trust reposed by the public on the government. It will be a psychological boost to further accelerate the performance management agenda.

Such public consultation sits squarely with the current public administrative paradigm of responsive governance. The latest series of performance improvement initiatives spearheaded by PEMANDU echoes this responsive paradigm that the public knows best. As such the government should heed its views more.

PEMANDU's policy instruments such as the labs, inter-agency collaboration mechanisms have brought synergy within the public service while unleashing creativity in solving service delivery problems.

The relative success of PEMANDU suggests that the problem-solving approach has a quicker and a greater chance of success in sustaining policies on performance management and consequently economic growth. Although a difficult exercise, it is crucial to pinpoint the areas of performance reform that will have the highest impact upon service delivery. Central top-down directive for reform alone will not do, as was the case in the past. Line ministries and agencies will have to be consulted as equal partners in the reform effort. They should participate in the identification of the key focus areas for performance improvements. Such participation will engender their commitment to the exercise. Such commitment will ensure that the reform effort proceeds on the combined strength of all the parties concerned.

PEMANDU also offers welcome evidence that policy transfers can succeed if the conditions that created the policy in the home country exist in the host country and the implementation structures of the home country can be replicated in the host country.

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- ^x In the 2008 general election, Barisan Nasional secured 50.3% of votes and 63.1% of seats in Parliament. The opposition coalition (Pakatan Rakyat) secured 46.8% of votes and 36.9% seats thereby increasing its representation in Parliament from 22 to 82 of the 222 parliamentary seats.
- ^{xi} One other key result area that was added to these six was "Reduction in the Cost of Living".
- ^{xii} Idris Jala, who had no political party affiliation, reported to Minister Koh Tsu Koon as his supervisor and chairman of PEMANDU).
- ^{xiii} In 2005, the role of PEMANDU was extended to initiate economic development under the Economic Transformation Plan. This paper focuses on PEMANDU's role in GTP.
- ^{xiv} KPI test in November", New Straits Times, 16 April 2009