The Search for Service Delivery Excellence
through
Human Capital Transformation

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Australia

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This is the second time I have had the opportunity to speak to this Civil Service Conference. The first occasion was in 1999 (the 4th Conference) and I gave an address on HR issues and challenges entitled ‘The Public Servant as Superman—Matching Expectations and Reality’. That address was primarily about emerging expectations about better performance by public servants and how HRM could be improved to contribute to this goal. I suggested that we were always hoping to recruit or find Superman but were never successful, and anyway we needed to go beyond many of the Superman characteristics. Our HRM systems needed to be modified.

When I received the invitation to speak at this conference and looked at the topic I thought once again that we needed those Superman characteristics to ensure excellence in service delivery. We need transformation from past standards of Human Capital Formation (HCF) to a much higher level—so perhaps we need someone, or some beings, from the world of superheroes if we are to achieve our goals in terms of service excellence.

The entertainment world has moved on and given us some other characters that might appeal—‘The Incredibles’—a family of very high performers, showing characteristics of speed, flexibility, resilience and a focus on results. Perhaps that is what we are now seeking—civil servants that the community, in terms of service delivery, can respect as ‘incredible’.

But what would that mean in practice for us ordinary mortals? It seems to be a never ending challenge; the bar is always being set higher. One of my former colleagues in Australia, Peter Shergold (now Secretary Prime Minister & Cabinet) observed last year—

“One possibility (about expectations – and this is based in part on personal experience – is that however much one improves the quality of public service, it’s almost impossible to keep up with public expectations of how effective the public service should be. The public often has unrealistic expectation of what governments can do. So, too, of the public administrations that serve them.”

How can you achieve the service delivery goals which are now being set for you as civil servants? What should be the role of human capital formation in meeting these goals?

First we need to understand clearly what those goals are. While the years have slipped by from the 4th Conference to the 11th Conference, so too have your Malaysian National Plans and you have this year seen the 9th National Plan for Malaysia, introduced in April 2006. It sets your goals for the future. Its themes are very powerful and relevant, and I can understand why this conference is dealing, in such a comprehensive way, with human capital issues and improved service delivery. This is a commendable way of bringing attention to high priority issues and setting the scene for accelerated action in the immediate future.

I have been asked to set the scene in terms of identifying and discussing the essential linkages between service delivery and human capital formation. In effect this means considering the convergence of issues arising from Chapter 11 of the 9th Plan (Enhancing Human Capital) and Chapter 26 (Efficient Public Service Delivery System). But it not my task to go into the detail of these chapters, and you has many speakers who are much closer than I am to those issues. I do hope however that you are all familiar with the Plan, and the two chapters I have identified.

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My comments are much more at the level of strategy and best practice. Let us look first of all at what is encompassed by human capital formation and then see how this links with service delivery goals in the public sector.

The idea of human capital, and being able to develop and expand human capital in a society, is relatively new at least in the sense of economic and social development principles. The industrial revolution and the emergence of industrial societies in the 20th century led to a focus on technological change as a key determinant of economic development. Exogenous factors such as technological change were seen as necessary to encourage successive waves of growth and development. It was only in the latter parts of the 20th century that endogenous factors, such as human capital development, were recognised as important, although some observers will point to pioneering work about human capital development in the manufacturing sector some years earlier. But it was certainly only towards the end of the 20th century that greater recognition was given to the role of people and human capital development in the great bureaucracies of government. Now such recognition is commonplace, but the detailed implications and the ways of dealing with human capital formation in the public sector are not always well appreciated.

Some definitional discussion may help—

“Human capital is a broad concept which identifies human characteristics which can be acquired and which increase income. It is commonly taken to include peoples’ knowledge and skills, acquired partly through education, but can also include their strength and vitality, which are dependent on their health and nutrition.” (s. Appleton and F. Teal)

In an input made to the Fifth Global Forum on Re-Inventing Government in 2003, Geraldine Fraser-Moleketi, the Minister for Public Service and Administration of South Africa noted—

“The development of human capital within the public sector directly impacts on the ability of the state to create an enabling environment for growth, poverty alleviation and dealing with the challenges relating to global security. This is particularly evident in developing countries. The state needs to embrace the notion of human capital as a resource impacted on by the changing nature of the global environment, and be prepared to consider new staffing practices that challenge many of the assumptions upon which bureaucracies have historically been built.”

and

“As sectors of society compete for available talent and human capital, successful agencies have distinguished themselves by three things:

- They are guided by an integrated framework for human capital development, focusing on both individual learning and organisational learning. This has given rise to concepts of the learning organisation and knowledge management.
- The emphasis on innovative responses to human capital development aligned to the nature and character of the age in which we living in.
- The existence of a flexible approach that aligns with the nature and character of the individual and the organisation.”

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Two points might be made at this stage. One is that ‘health’ can be a significant factor in human capital formation and maintenance, and the second is that HR practices are central to human capital formation. Further, in relation to HR, we must not make the mistake of seeing human capital formation in the public sector as just representing ‘more training’. Training is just one component of a much bigger agenda of public sector HR reform, which is relevant to improved services to the community. We have to understand that wider HR agenda and know how to apply it in our workplaces.

A comprehensive view of Service Delivery Issues

What services are we talking about? When we talk about service delivery, there is often some confusion about what is meant. Are we talking about the postal service, our garbage collection arrangements, or how we obtain or renew our passports, or pay our taxes? In fact, almost all government activities are concerned ultimately with service delivery.

There may be some purists who say that they work on policy and that this activity is high level work which is not service delivery. Certainly such work may not be frontline service delivery, but policy work is usually a means towards the end of improved service delivery. The policy adviser provides a service to the Minister and to the government. The policy worker who devises a new subsidy for research activities (or its termination) or a new regulation in some area of business (or the removal of red tape in regulation) is involved in service delivery to the community just as much as the frontline worker. Indeed in many cases the implications of the policy work may be of greater significance in improving service delivery, or degrading it.

In today’s public sector we have to be alert to the service delivery implications, and the impact on the community, of everything that we do. Service delivery has to become a way of thinking about all public service activities, and not seen just as a nuisance activity that can be left to lower level frontline workers who deal face to face with the community.

Let us just reflect for a moment on the most obvious range of government services—

- Business services; approval of licences and permits; related regulations
- Water, electricity, housing, sewerage and transport
- Health and education
- Welfare services and payments
- Law enforcement
- Security and defence
- Diplomatic and consular services

These are obvious services, particularly where there is direct contact with the public, but indirect or internal services (internal support such as policy, financial management, HR, clerical, registry, stores management) are also involved and are important.

In Malaysia, the 9th National Plan reviews some of the key service delivery activities to date. It identifies reduction of bureaucratic red tape generally, improvements in counter services, improved issuance of licences and permits, land administration, the services provided by local authorities, and investment facilitation—using mechanisms such as quality management, recognition of excellence, performance measurement, management of complaints and the

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expanded use of ICT. The Plan recognises that the next steps need to be more strategic and to adopt better government-customer interfaces, ICT methods and competency-based HRM, to support more effective service delivery.

The significance of Improved Service Delivery

A high standard of service delivery is a fundamental part of the social compact between the government and the community. In today’s more transparent and accountable world, the standard of service delivery underpins the credibility of the government. It is a key public determinant of effectiveness in the use of resources. Poor service delivery is costly and increases stress and complaints in the community. It damages ‘trust’ between the community and the government.

On the other hand, better service outcomes for the community contribute to a better standard of governance, by building credibility and trust. Service delivery directly influences how the government’s performance is seen by citizens. Service delivery in the public sector affects the government’s relationship with civil society and the private sector in many important ways, and is therefore a formidable factor in the search for good governance. Reform in service delivery needs to be seen as part of improving governance and government performance, helping to achieve societal goals, including a better standard of living.

It should come as no surprise therefore that politicians are becoming increasingly focused on the merits of improved service delivery, and that the terminology of improved service delivery is becoming increasingly common in government policy statements and strategic documents.

Customers, clients and citizens

What is in a name? Quite a lot in this context, and we need to be alert to the implications of the terminology that we use to describe those who are the recipients of government services—usually the terms ‘customers, clients and citizens’ are used, often without close definition. This may conceal some important pitfalls.

Much of the earlier work on improved service delivery picked up a strong focus on the ‘customer’ concept in the private sector, and used this to develop ideas to help public servants to become more customer focused in their service activities. This was useful, as far as it went—it allowed the rapid adoption of certain practical and tested techniques and practices adopted in the private sector to deal with customers, and it encouraged the wider use of ICT methodology and Customer Relations Management (CRM) techniques. But the idea of ‘customer’ or ‘client’ does not capture the full picture of the relationship between government and the community in the public sector, and the delivery of government services. This has led in recent times to a much greater focus on the concept of ‘citizens’ and their rights and obligations in the context of service delivery. This has occurred in Australia and Canada, and in the latter country current service delivery initiatives are usually described in terms of ‘citizen-centred service’.

In Australia this has now been well recognised. To quote Peter Shergold again—

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“I think we have let ourselves down by embracing our commitment to improved service (itself an admirable objective) as if it’s customer service. I think this is utterly wrong-headed. The people we deal with are not customers. While we can learn much from the private sector about how to provide better customer service, the people we deal with are citizens. We are delivering both their entitlements and their obligations. Citizens don’t have a choice of whether they ‘buy’ government programs from us or not. While we need to embrace the notion of service we should rid ourselves of this half-baked notion of citizens as customers.”

Strong words, but the implications are important. We can use the ‘customer’ concept as a tool to access techniques and methods but we should never overlook the fact that the recipients of government services are ‘citizens’ and usually have no choice in their selection of service provider—which they are supporting and paying for through community taxes. Citizens can become quite cantankerous if they consider they are not being treated appropriately and getting ‘value for money’. At the same time, there are citizen obligations and these can be onerous—providing accurate information, being honest and truthful about claims, and paying those taxes, accurately and on time.

Ralph Heintzman (Treasury Board, Canada) has spelt out why the term ‘citizen-centred’ has been used so strongly in developing service delivery in Canada—

- The delivery of government services should be conceived and executed from the ‘outside-in’—not the other way—with the needs, perspectives, improvement priorities, and satisfaction of Canadians in mind.
- The ‘clients’ of government services are not just clients, as they might be in the private sector. They are not just consumers but also citizens, and taxpayers; they are holders of rights and duties within a framework of democratic principles. As citizens, they ‘own’ the organisations which provide the services, and have civic obligations which go beyond their own individual service needs.
- Many of the recipients of government services are ‘involuntary clients’, whose service relationship derives not from choice but from personal circumstances, or from obligations as citizens.
- Those who deliver government services may have to balance the distinct interests and needs of different categories of citizens, within the broader framework of the public interest. The satisfaction of immediate clients must go hand in hand with the confidence of all citizens in the institution of government, and meet standards of accountability, in the sense that obligations are being met.
- Every act of government service is a ‘moment of truth’ in which service recipients form an impression about the effectiveness of public institutions and the effectiveness of their government. It thus enhances or diminishes confidence in the potential of democratic citizenship.

In the balance of this paper it should be taken for granted that when the term ‘customers’ is used, in reference to the public sector, it is intended to encompass the concept of ‘citizens’.

Some other general considerations

Improved service delivery can not just be added on as a separate, ad hoc reform activity. It is not just about more courtesy or new ways of handling queues — although these can be helpful.
operational steps. It must start with a more fundamental and pervasive strategic approach, embracing a new emphasis on strategies, roles, structures, customers, relationships with citizens, performance, accountability and change management. It must recognise the linkage between people, service and trust.

Service delivery improvements may occur through strategic and operational approaches and these should be distinguished. Strategy should focus on major high-level actions. Functions, mandates, agencies and customer/citizen concepts need to be dealt with in the strategic sense. This may involve a new approach to practices such as Corporate Plans and Service Charters. But it should be noted that real-life improvements based only on strategic change initiatives may take some time to flow through.

Operational improvements are more detailed and are implemented at the local level, usually with more obvious results at the practical level in the short term, but they may fail over time if they are not well-placed in a strategic approach. Some obvious examples are—

- Better communication and information for customers (signage, forms, brochures and other printed materials, and/or phone access and website material)
- Equity in access to available services
- Better physical access, office facilities, opening hours
- Appointment and queuing systems
- Courtesy and helpfulness should be pursued at the practical level

A balance is needed between strategic and operational improvements. They have to be well integrated and this integration is often expressed through Service Charters (or Citizens’ Charters).


In seeking to help inform you about human capital formation and excellence in service delivery, I was drawn to a major review activity undertaken in Australia a few years ago, which looked at these issues, and which served as the basis for subsequent major activities to improve service delivery, at the Federal level. I note that it was written with the use of the ‘customer’ terminology, but this does not detract from its usefulness as it did recognise inherently that service delivery had to be citizen focused. It has particular value in my view because it placed substantial emphasis on the role of HRM in improved service delivery.

This major review was prepared by the Management Advisory Board (MAB) of the APS and the Australian National Audit Office (ANAO). Why was it necessary? Preliminary analysis by MAB showed that—

- Staff in many agencies lacked a shared vision of who their customers were; strategy was inadequate or incomplete
- There was a lack of cultural support for the customer service concept
- Managers were not chosen or trained for customer-oriented qualities
- Key workplace competencies for staff were not identified
- Poor communication with customers
- Insufficient training and motivation of staff
- Little research on customers’ needs and expectations

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• Lack of a customer friendly environment
• Lack of complaint mechanisms and continuous improvement plans

Key elements of a new approach suggested by this review—

• Ensure staff have a better understanding of customers and the organisation is committed to customer service i.e. a more complete and focused strategy
• Create a culture which values those who have direct contact with customers
• Develop performance indicators for customer service skills for managers, as well as for staff
• Undertake systematic and regular market research of the customer base
• Make results of such research widely available
• Monitor and evaluate progress, and use continuous improvement methods

The Package included a Toolkit, to provide a set of tools or practical instruments to enable agencies to put the results of the review into practice. The tools were described as generic and could be adapted to suit the particular needs of agencies or work groups within agencies, as they engage in internal and external customer service delivery. The Toolkit also supported the development of new training activities, in areas such as teams and customer service skills.

Excellence in Customer Service—Best Practice Principles

The MAB/ANAO review identified five best practice principles for improved quality in service delivery—

1. Create a customer service environment in the organisation.
2. Link HRM with customer service.
3. Communicate with the customer.
5. Continue to improve programs, products and customer service.

These principles were discussed in some detail and the key points are summarised below—

1. Create a customer service environment in the organisation.
   • Clarify who the customer is and articulate this
   • Develop customer service objectives
   • Leaders must reinforce the customer service objectives and framework
   • Simplify complex rules
   • Develop the use of Service Charters
   • Use market research and new training initiatives
   • Adopt performance indicators, benchmarking and continuous improvement

2. Link HRM with customer service
   • Use Service Charters to influence and change organisational culture
   • Review job descriptions, classifications and competencies (selection criteria) for customer service staff
   • Improve recruitment and promotion policies in line with new competencies
   • Provide new training aimed at quality customer service

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• Insist all managers take a stronger interest in customer service—not just operational managers
• Introduce rewards and recognition for good customer service

3. Communicate with the customer.
• Identify customers and customer categories
• Establish customer needs and priorities
• Seek to establish realistic customer expectations by communicating and providing clear information on what is needed to access a particular service
• Undertake market-type research—make results available to staff
• Customer service staff should seek customer feedback and inform managers
• Use Service Charters to set meaningful customer service standards, such as timeliness and avenues for complaint and review

• Use new developments in IT to improve accessibility, consistent with customer capability
• Use the 'one stop shop' approach where feasible
• Make the physical environment friendly and welcoming
• Use appointments and new queuing systems
• Establish a complaints system and handle complaints in accordance with the Service Charter
• View complaints as useful information and an opportunity for improvement—not as a basis for playing the ‘blame game’

5. Continue to improve programs, products and customer service.
• Review performance against defined standards and indicators regularly, at least annually (monitoring and evaluation)
• Encourage the concept and culture of continuously improving customer service
• Use market-type research for indications of the need for improvement—listen to customers and critics
• Use benchmarking where possible, internally in government and with the private sector where appropriate
• Use feedback from Service Charter communication activities
• Check back regularly against the actions suggested under the previous four headings

While all of these principles and considerations are important, what are the major points? These can be identified as—

● An appropriate strategy and environment, focusing on citizens and linked with standards (this might be along the lines of the Service Charter model);
● The strategy must be organisationally based, allowing a focus on issues relevant to the organisation (different organisations may have different issues to deal with);
● An effective HRM approach including, but going beyond, training—based on competencies for job description, better selection criteria, promotion and advancement standards; and with an appropriate emphasis on performance management (particularly under the second principle);
● Good communications with citizens;
● Regular monitoring and evaluation, in support of continuous improvement.

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The Second Principle—Linking Customer Service with HRM

Looking particularly at the second principle with its emphasis on HR aspects, the more detailed material on this principle identifies the following key HR issues and changes sought, in terms of performance indicators—

**Performance Indicator 1:** The extent to which agencies recruit and promote those with customer service skills—there is a need to avoid placing the wrong people in sensitive positions, for example frontline positions and direct supervisory and management positions. It should be noted how competencies can be used to improve job descriptions and selection criteria, and inform training agendas. Considerably more flexibility in personnel management may be required.

**Performance Indicator 2:** The extent to which agencies train staff appropriately in customer service methods—training is relevant here and it needs to be done properly, and in a well-designed and targeted way. As indicated above, desirably new training activities should be competency based, and devised after training needs analysis, aimed at identifying competency gaps related to service delivery. Simulation methods may be helpful, based on feedback from citizens about their perceptions of service delivery standards.

**Performance Indicator 3:** The extent to which agencies ensure internal support operations are customer focused, so that frontline customer service staff get the same quality of internal service that they are expected to give to the organisation’s external customers—without this equality of standards there will be internal stresses which will flow through into the external environment. Put simply, external delivery standards will suffer if internal standards of service delivery are below average.

**Performance Indicator 4:** The extent to which staff are motivated to achieve a high level of service to customers—this can involve special recognition and rewards for contributions to improved service delivery. It is important that frontline staff, and their managers, are placed in a career structure and can look forward to adequate remuneration and career path advancement.

**Performance Indicator 5:** The extent to which staff are empowered to make decisions about relevant aspects of their work—service can be more efficient, and enhanced, where staff have the capacity and authority to make decisions on the spot. Continually referring routine decisions to a higher level is frustrating to the customer, and reduces the staff to mere paper processors, who can end up feeling that their work lacks meaning. Of course, empowerment of this kind has to be carefully linked with appropriate accountability arrangements.

**Performance Indicator 6:** The extent to which managers and executives have the competencies to create and sustain a customer service environment—this recognises the need for senior managers and executives to play their part in improving service delivery. It is not enough to pass the responsibility to junior staff and hope for the best, while managerial attention is devoted to high level exchanges and debating policy nuances.

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In Australia, we have found that the issues under the last indicator above have been particularly challenging, in terms of ensuring that managers in line agencies do create and sustain a customer service environment. It may well be that this is one of the most critical areas for human capital formation and the achievement of excellence in service delivery. Of course, we might now recognise this as an issue of ‘leadership’.

A newer HR issue which has arisen, in the context of demographic trends, is that of retirement age and pension policies, so as to retain high value experienced personnel for longer periods, or at least to create that opportunity. Also, more attention is being given to human capital formation through more appropriate gender and equal opportunity policies.

Much of the above, in terms of activities, is internal to the civil service and some care is needed to ensure that reform activity in service delivery does not become too internally focused. This is similar to the tension which can arise between strategic and operational aspects of improved service delivery. In the end, the community wants to see practical results and improved outcomes, and will not be too concerned about how that is achieved, strategically or internally. The community—and politicians—are ultimately interested in how human capital is improved generally in the society, not just how it is being developed within the civil service. This of course reminds us that service delivery must ultimately be citizen focused.

**Canadian experience: The ‘Citizens First’ Model**

In March 2000, the Canadian Government introduced a new management agenda for the Public Service, entitled ‘Results for Canadians’, making ‘Citizen-Centred Service Delivery’ one of the top priorities in the government’s change agenda. This was based on detailed surveys of citizen’s needs and expectations in relation to government service delivery. The Government’s new service strategy identified five major principles—

- Listening to Canadians and responding to their service needs
- Improving access via the Service Canada Initiative
- Measurably improving service performance through the Service Improvement Initiative
- Implementing Government on-line
- Improving telephone service methods and standards

The Citizens First model incorporated the following activities—

- Better approaches to ‘finding the service’—how to locate the desired service within government
- Better access to the services—physical aspects of service, including one-stop offices, Internet and phone systems
- Assessing service delivery quality—assessing experience with the service provider and determining why clients are satisfied, or not satisfied, with the services received
- Improving services—using survey results to guide improvements

Canadian documents (articles by Ralph Heintzman, amongst others) emphasise the following points of difference from other programs—

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Thorough research about citizen’s service expectations, satisfaction and priorities about improvement
- It is comprehensive, covering both access and service performance improvement
- It is channel conscious, paying attention to the Internet and telephone-based services
- It focuses on measurable service objectives, not just on means or tools
- It sets real targets for improvements in citizen satisfaction, and holds managers accountable for achieving results

Interestingly, the Canadian model does not place particular emphasis on HR changes or identify HR as a key element in this reform program, but documents do note that HR and people dimensions of service improvement will be addressed as the program proceeds. It is inherent rather than explicit.

Results of citizens’ surveys are reported regularly in the ‘Citizens First’ series of publications, and this information is used as a driver for continuous improvement activities. This approach has been in place for some time and there is now a formal body, incorporating Federal and Provincial cooperation, to promote this focus on citizens in service delivery.

That body is the Institute for Citizen-Centred Service (ICCS). The mission of the ICCS is to promote high levels of citizen satisfaction with public sector service delivery. The ICCS achieves its mission by undertaking research to identify citizens' service needs and expectations and by assisting the public sector in applying innovative service solutions through the broad strategies indicated above.

The Canadian model has been applied consistently for some years now and appears to be achieving good results. Various aspects of the model have been recognised internationally, through awards by bodies such as CAPAM.

**The importance of Monitoring and Evaluation**

Following on from the above, we should note the general importance of monitoring and evaluation, and the need for continuous improvement flowing from such monitoring. Service delivery activities can be evaluated in terms of outcomes, and performance against defined standards, and these evaluations used as a basis for review, including relevant aspects of HCF, internally and externally. Priorities for improvement can be identified and continuous improvement can be pursued. This cyclical approach can be linked with concepts such as the ‘learning organisation’.

There are many models available, and many research groups have the capabilities to be involved in these studies. In Australia, government agencies are encouraged to undertake special purpose surveys of citizen attitudes and responses to service delivery practices on an organisational basis, and a wide range of these are now regularly available.

One of those particularly watched is that of Centrelink, our major agency for welfare payments and related services. This annual monitoring and review activity is linked with use of the Balanced Scorecard methodology, and provides feedback on a wide range of issues, including HR and HCF related issues. The Centrelink annual report is seen as an important

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reference in this regard. Another major organisation doing similar annual surveys is the Australian Taxation Office.

Centrelink also conducts customer workshops aimed at gaining customer feedback. They recently identified the five most important customer values as being:

- friendly, helpful, and courteous staff
- complete, accurate, reliable information that is easily understood
- easy access to services with choice and flexibility in means of access
- receiving prompt and efficient service
- dealing with people who understand the needs of individuals

One of the major examples of a structured and coordinated approach to monitoring is that pioneered in Canada, and now managed by ICCS—that is, use of the Common Measurements Tool (CMT). The CMT was first released in 1998 as an easy-to-use client satisfaction survey instrument that would facilitate benchmarking across jurisdictions. CMT builds on an earlier national survey of Canadians, which identified the key drivers of service delivery satisfaction, namely timeliness, knowledge/competence, fairness, courtesy/comfort, and outcomes.

Managers are able to construct a client satisfaction survey by selecting the questions that meet the needs of their organisation. The CMT assists in this process by identifying a set of ‘core’ questions that measure the key drivers of satisfaction i.e. those elements or attributes of the service experience which, when present, ensure high levels of satisfaction.

Using the CMT, public sector managers are able to better understand client expectations, assess levels of satisfaction, and identify priorities for improvement. By using the questions set out in the CMT, jurisdictions can also compare their results against peer organizations, identifying best practices and sharing lessons learned. In this way, results can be used to address HR deficiencies and issues.

You will need to consider and develop approaches along these lines, to ensure continuous improvement and that desired move towards excellence in service delivery.

A special focus on Education and Health

Are there some service areas that stand out in relation to Human Capital formation and development? Well, there are, and they are mainly about outcomes in Education and Health and how high profile activities in these areas are implemented and delivered. There should be a major and continued focus on key programs in Education and Health, and the results being obtained.

The 9th National Plan spells out what is intended in these areas. Education is critical. The key reasons for this have already been identified by your Prime Minister, in an address in Dubai in December 2004—

'It is people who do the thinking and planning; people who execute and implement; people who build and develop industries. In short, it is people who advance nations. That is why economists and nation builders are persuaded that enhancing human capital is critical for GDP growth. Sustained GDP growth does not just happen. In

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order to make investments in technology, a country must have sufficient human capital. Human capital is the formal education, training and on-the-job learning embodied in the populace. Countries that have encouraged their people through education and lifelong learning as well as by investing heavily in research and development are well positioned to take advantage of these new global market trends.’

I have raised earlier the point that some commentators on these issues incorporate health as a significant factor in the concept of human capital formation. I think this is a good point, and perhaps there is no more relevant example than in relation to the problem of HIV/AIDS, for example in some African, Asian and South Pacific countries. In the African example, human capital formation in the public sector is often negative because of infection and death rates among some groups of civil servants, with a concomitant loss of human capital. Other examples in the public health arena include health issues associated with smoking, and general dietary issues linked with obesity and diabetes.

Well-delivered public health measures can be important in improving or sustaining HCF. There are again internal and external aspects to this consideration. Improved public health can have a positive effect on life expectancy and internally this may have important implications for HR policies such as retirement age and pension policies. I know that in Malaysia in the past there has been an issue of retirement age for civil servants—has that been modified as life expectancy has been improved? Sustainability of HC may be just as important as new HCF in some circumstances.

Externally, in the community at large, some similar considerations may apply—are retirement policies aimed at maintaining access to the HC already in place? In Australia, changes continue in attitudes and policies about retirement. Demographic changes now appearing mean that trends in departures from employment have to be carefully monitored and some encouragement is being given through retirement policies to encouraging some employees to stay on longer if they wish. This is of course voluntary but choices are now being influenced by new incentives. ‘Partial retirement’ or part-time work for older staff is now becoming more common. The effect of these changes, hopefully, is to maintain workforce participation and preserve access to some high value human capital for longer than would otherwise occur under ‘black and white’ retirement age and pension policies.

There are also broader issues, referred to earlier, in terms of gender and equal opportunity policies, which can widen workforce participation and improve the overall quality of the workforce.

The goal of Human Capital Formation, in the broader context, warrants a strong emphasis on service delivery in these two important portfolio areas.

Some Concluding Comments

The search for excellence in service delivery is becoming more widespread and intense. Communities are becoming more demanding about improved service delivery and expectations might be described as tending to the ‘incredible’. Politicians are seeing this demand for improved service delivery as a valid claim by the community, and improved service delivery is a common catch cry in strategic planning documents. This is reflected in the Malaysian 9th National Plan.

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But excellence in service delivery is complex and not easily achieved. Many initiatives are started but are not all successful. Some represent ‘lip service’ only, without practical follow through. Execution and implementation may not live up to original intentions. Genuine improvement in service delivery requires many things to be done consistently well over a considerable period of time. This will involve a mix of strategic and operational considerations, and involve internal and external considerations. It will involve supply side considerations—improving service delivery capabilities through HR improvements—and demand side considerations expressed in terms of citizens responses and demands. Ultimately it is citizens who will decide whether service delivery is perceived to be improving or not, so a strong emphasis on the external aspects and the visibility of results is important. A focus on citizens and their concerns is at the heart of excellence in service delivery.

This paper has dealt with many complex issues and it is challenging to try to summarise, but to attempt that, what is needed to pursue excellence in service delivery through human capital transformation is a comprehensive approach embracing the following—

- Service delivery becoming a way of thinking about all public service activities
- A sound strategic approach, with responsibility clearly placed on organisations to develop and implement Service Charters (or similar corporate approaches)
- Overall coordination and monitoring by relevant central agencies
- A dual focus on HR initiatives to improve delivery capabilities (the supply side), and on citizens to assess their expectations and experiences (the demand side)
- The HR initiatives should be comprehensive, be based on relevant competencies, and go beyond training to encompass more challenging changes in HRM
- Leadership programs need to address service delivery issues, and the concept of the ‘learning organisation’ should be pursued
- Regular monitoring and feedback from the community e.g. as with CMT
- Action on the feedback and pursuit of continuous improvement

A final point—remember that what you learn at a Conference often goes beyond the obvious lessons of details of knowledge and practice from elsewhere, to a more abstract result, namely helping make you more confident and enthusiastic about trying something new and challenging in terms of reform policy and practice. I hope that I have contributed to building your confidence about finding that elusive excellence in service delivery.
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Key Websites for further information:

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ICCS, Canada: www.iccs-isac.org

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