GLOBALIZATION AND HUMAN RESOURCE DEVELOPMENT IN THE MALAYSIAN PUBLIC SERVICE

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Abstract

Globalisation is characterised by increasing worldwide competition and accelerating economic change that brings unpredictable outcomes to ensure Malaysia’s competitiveness both the public and private sector has taken steps to be knowledge intensive and knowledge enable with emphasis on its human resource development strategy. To unleash the full potential of its human capital in the Malaysia public sector the human resource management initiatives that have been formulated and implemented include review of its remuneration system, enhancement of its training and development activities particularly in management development, and in the use of information and communication technology in the public service.
INTRODUCTION

The world today is becoming more complex, dynamic and increasingly uncertain. Globalization, a process fostered and spurred by rapid change in the information and communication technology, is making the world economy more interdependent. It brings about the free flow of trade and investment among the nations. The process also results in higher efficiency increase in productivity, better products and lower prices. For the developing countries, the inflow of funds, new technology and management skills as well as smart partnership have catalyzed the rapid development of their economies. It is undisputable that Malaysia, as an open economy with a small domestic market has also benefited from the globalization process.

However, the Asian financial crisis that swept through East Asian countries in 1997 has demonstrated that the globalization process resembled a “double-edged sword”. Many East Asian countries, Malaysia included, has learnt a valuable lesson that the present form of globalization may not provide benefits to all developing countries as advocated by its proponents. The recent developments in the WTO meeting where the non-trade issues such as labor standards and environment were proposed to be included in the new round of trade negotiations have wide ranging implications for developing countries in managing their economies. Despite these disappointing experiences, Malaysia is still committed to globalization but would like the developing countries to have a say in the structure and process of globalization to ensure it is based on a win-win formula that benefits all.

As countries in the world decided to embrace market oriented development strategies and to open their doors to the world economy, the world has become one interdependent global market place. It is characterized by increasing worldwide competition and accelerating economic change with unpredictable outcomes. Under these circumstances, it is noted by Robert Reich (1991) that competitiveness will be decided on a country's or an enterprise's capacity to add value to global economic products, services and processes and a key contributor in this regard is the knowledge and skills of the workforce. The education and skills of the workforce has become the key competitive weapon for the 21st century. Peter Drucker (1994) also stated that knowledge becomes the critical resource in wealth creation of society in this post-industrial era. The foundation of the post-industrial society is built on managing knowledge and continuous learning. The effectiveness and efficiency of the public service is an important element in this global competition.

Malaysia is at the transition stage of moving from the P-economy to the K-economy. To ensure that Malaysia retains its competitiveness in the new global economy, the government has initiated and implemented various policy measures and projects aimed at promoting the use of knowledge and technology to spur further economic growth of the nation. Both the private and public sector organizations are encouraged to be knowledge intensive and knowledge enabled to remain competitive and relevant to survive in the new era of economy. Human resource development has also been recognized as an important strategy to achieve the above nation’s vision and aspiration.
Given the importance of the public service role in steering and facilitating the continued economic development of the country in the dynamic and unpredictable global and domestic environment, the Malaysian government has embarked on several policy measures and programmes pertaining to the development and management of human resources and restructuring of public sector agencies to unleash the full potential of the public service employees. This paper intends to provide some insights on how these HRD-related policy initiatives and measures are formulated and implemented by the Malaysian Public Service.

HUMAN RESOURCE DEVELOPMENT INITIATIVES IN THE MALAYSIAN PUBLIC SERVICE

For the purpose of this paper, discussions on human resource development (HRD) go beyond education and training. Training and development in any organization is often an integral part of overall human resource management strategies. It should be linked with recruitment, selection, career planning and development, performance appraisal and the remuneration system. The interactions of these various aspects of human resource management strategies have practical consequences for public service performance.

The following paragraphs outline the major HRD-related initiatives, which have been formulated and implemented by the Malaysian Public Service in its efforts to upgrade and enhance its service delivery through the use of technology and people. The scope of discussions will cover the system of remuneration, training and development activities, and the use of information and communication technology (ICT) in the public service.

The Public Service Remuneration System

The remuneration system in the Malaysian Public Service has been an important part of sophisticated human resource management strategies and initiatives to achieve the public service goals and objectives. As a matter of practice, the public service remuneration system is reviewed periodically to take into consideration the nation’s vision and aspiration, direction of the public service in the prevailing socio-economic milieu, the labor market, the national economic performance and its competitiveness in the international economy. The review of the remuneration system is essential to reenergize the current universe of public service personnel by uplifting their morale and level of motivation. It also serves to ensure that the public service retain its capacity to attract, develop and retain people with the necessary skill sets, talents and caliber to perform the roles required of the public service as the country evolves. However, it has been the Malaysian government’s policy that any pay increase needs to be matched by productivity to maintain the nation’s competitiveness. The payout as a result of the revision has to be within the affordability of the government.

The comprehensive revision of the remuneration system usually includes review of policies and principles of remuneration, schemes of service as well as administrative procedures in the public service. The New Remuneration System (NRS) implemented January 1992 introduced extensive changes and restructured the remuneration system as a long-term strategic measure to enhance the effectiveness and quality of the public service in the national development process. The emphasis of the New Remuneration System is on merit whereby consideration for promotion, salary increments, training and placement of officers are to be more directly based on job performance, contribution toward departmental objectives in particular and the public service in general. Thus, a relationship between performance and financial reward has been built into the New Remuneration System.
After a period of more than 10 years of implementation, the government decided to conduct a study on the New Remuneration System to take into consideration the changing environment and new challenges facing the public service of Malaysia. The study also examined the feedback and views raised by the employee representatives in the National Joint Council on the Implementation of the New Remuneration System. Subsequently, the government formed a Steering Committee of Officials chaired by the Chief Secretary to the Government to undertake a study of improvements to the New Remuneration System. Public Service Department acted as the Secretariat of this Steering Committee. The findings and recommendations of this Steering Committee were presented for the consideration and adoption to the Cabinet Committee on Establishment and Salaries of Employees in the Public Sector, which is chaired by the Prime Minister of Malaysia. It was agreed that the basic principles in management and development of human resources under the NRS are still valid and applicable. Thus the study focused on the implementation aspects of the NRS, which includes remuneration, terms and conditions of service and administrative procedures in the public service.

Subsequently, a revised remuneration scheme called Malaysian Remuneration System (or Sistem Saraan Malaysia) has been designed and take effect on 1 November 2002. The new system is expected to be more responsive to the changing environment, facilitate the public service in attracting, developing and retaining employees with the right calibers, inculcate the culture of continuous learning among the government employees and develop knowledge workers in the public service.

The Malaysian Remuneration System is a comprehensive remuneration package designed to meet the public service requirement in the K-based economy. It consists of four core components as illustrated in the Figure 1 below:

Figure 1 : Core Components of the Malaysian Remuneration System

- Flexible starting salary
- Probationary period of 1 to 3 years
- Actual/notional salary increments
- Topping up of salary points
- Addition of one more salary point to the existing maximum salary points
- Modification of Matrix Salary Schedules for promotional grades
- Standardization of rates of allowances
- Improvement of service conditions
- Assessment of competency levels
- Modifications to the salary structure allowance and perquisites
- Improvement of career development
- Competency Assessment levels
- Performance appraisal system
- Excellent service awards
- Addition of promotional grades
- Redesignation of grades using Numeric Data Range
- Coverage of critical services
- Reformulation of service schemes
The Malaysian Remuneration System has placed greater emphasis on knowledge acquisition, skills development and inculcation of good personal values among public service employees. The achievement of specific competencies or proficiencies related to the job will be given due recognition and reward in the form of salary progression and career advancement. Hence, under the MRS, competency becomes one of the main elements in determining the progression of careers and salary in the public service.

In addition to the annual performance appraisal report, an assessment known as Competency Assessment is introduced under the MRS to encourage self-development among employees, the cultivation of learning culture in the organization and to prepare for the implementation of the Competency-based Human Resource Management in the public service. This assessment will be one of the elements for consideration of employees’ annual salary progression or promotion. It is in the form of examination and/or courses, which are designed to evaluate the Competency Level of employees.

Under the MRS, the Performance Appraisal System also underwent a few changes, which includes: -

- The introduction of five separate Annual Performance Appraisal Report forms according to the various service groups;
- Adjustments on the aspects, criteria of evaluation and weightage used;
- Merging of the Annual Work Target forms with the Annual Appraisal Report forms to ease the preparation of the annual work targets.

In addition, the Coordinative Panel for Performance Appraisal and Salary Progression under the NRS is replaced by a Human Resource Development Panel, which has been established in respective government departments. Besides determining the salary progression of the employees under their jurisdiction, this Panel has been given a wider set of responsibilities including identification of training needs and recommendation of counseling for employees.

Improvement of career development

The MRS also offers more opportunities for the public service employees to be promoted by introducing five additional promotional grades within the remuneration system. These additional grades, however, will not add additional layers to the organizational hierarchy. The regrading and additional grading has resulted in the total number of schemes being changed. Under the exercise, 4 new schemes have been formulated, 58 schemes were modified while 9 schemes have been abolished.

Modifications to salary structure, allowances and perquisites

The Salary structure under the MRS underwent some changes. The changes among others included: -

- Addition of another salary point to maximum salary points in all Salary Schedules.
• All Matrix Salary Schedules of promotional grades are modified from 3 Levels to 2 Levels while those in the appointment grades are retained. Thus, employees in Level 2 of promotional grades have gone through a salary conversion exercise effective from the date MRS was launched.

Hence, such modifications require a complete revision of all salary schedules. Each modification took into consideration a few factors to reassure an equitable and fair salary structure. These factors include retaining the relativity and parity between higher and lower salary levels, ensuring no loss in salary for employees involved in the conversion exercise, the hierarchy level remained intact as well as offering opportunities for each and every employee to attain, at least, the maximum salary point. Besides those elaborated above, new Matrix Salary Schedules are also created for additional grades.

Allowances and perquisites

The four basic principles and ten criteria for the provision of allowances and perquisites under the NRS are still relevant for the MRS and need not be amended. Nonetheless, the provision of different rates within the same grade for allowances and perquisites introduced under the NRS needs to be revised. In this regard the Government agreed that different rates of allowances and perquisites within the same grade be streamlined based on the higher rate. The allowances and perquisites that were streamlined are Fixed Entertainment Allowance, Incentive Payment for Public Health Officers, and Incentive Payment for Hospital Administrators, Specialist Incentive Payment, Vacation Leave and Ward Eligibility and Charges.

Apart from the above, the duration for Paternity Leave introduced under the NRS for male personnel was extended from three days to seven days. The Government also introduced Compassionate Leave in the event of the death of close family members.

Improvement to terms and condition of service several terms and conditions of service are modified as follows: -

• Starting salary of employees who have been confirmed in service and after appointed to another scheme of service, is to be at least one salary increment higher than the previous position;
• Probationary period of 3 years under the NRS is modified to 1 year including for those under Promotion Through Appointment;
• Employees who have been approved full pay study leave are to be granted actual salary progression during the duration of their courses; and
• Employees who are approved for alternative salary range due to various reasons such as study leave or chronic illness are granted notional salary progression of not more than 3 times during their entire tenure of service.

A composite of improvement offered under the Malaysian Remuneration System is expected to make the Malaysian Public Sector more competitive in attracting and retaining best brains and talents in the public service. The better choice of words utilisation of job competency assessment in determining salary movements and promotion should encourage the public sector employees to continuously improve their knowledge and job competencies through courses and personal learning. This is in line with the intention of the government to
transform the public service into a K-Civil Service and the creation of more knowledge workers in the public sector.

**Public Service Training and Development Programme**

Training and development is an important component of human resource development in an organization. It is necessary to maintain and improve the capability and capacity of the public sector workforce to deliver their services. Continuous staff training based on the training needs is critical to adapt skills for future organizational needs, improve individual job satisfaction, redeploy staff, enhance career and employment prospects and to take advantage of technological progress.

As Malaysia is forging ahead into achieving its vision, goals and objectives stated in its macro policies and development plans, the Malaysian Public Service is expected to play its roles as a pace setter, facilitator, regulator and strategic integrator in cooperation with the private sector and the third sector such as the community-based organizations in meeting the challenges posed by the changing environment due to globalization, liberalization of economy and rapid technological advancement. In this connection, training and development of the public service personnel has been given due emphasis. Training programmes have been conducted to enhance the competencies and skill sets and to instill necessary attitudinal and mindset changes of the workforce to ensure the effective and efficient delivery of quality outputs to its stakeholders and customers.

Training activities undertaken by the Malaysian Public Service are guided by a Training Policy as spelt out in the Service Circular No. 6/1984. The main objectives of the Training Policy are:

- To develop capable and qualified officers;
- To ensure enhancement of skills, efficiency and productivity;
- Able to produce high quality results; and
- To develop employees who are able to produce output of high quality.

Training activities are planned and implemented in a systematic manner by following the strategies as stated below:

- Offering short and medium courses to provide exposure and upgrade knowledge and skills on technological development and up-to-date management techniques;
- Developing expertise and specialized knowledge and skills required by the public service in its future undertaking through long term courses at certificate, diploma, degree, masters and doctorate levels;
- Developing management and organizational skills through short courses for top management executives;
- Decentralizing training functions to ministries and departments as a step towards meeting the specific training needs of respective government agencies.

To further facilitate the implementation of the training activities, the Malaysian government has provided study leave and sponsorship facilities for the public servants to pursue long term courses as follows:
• Full-pay study leave with sponsorship for officers in the Managerial and Professional Group to pursue post-graduate studies at overseas or local institutions of higher learning on a full time basis;
• Half-pay study leave with convertible loan facility for officers in the Support Group to pursue Diploma or first degree courses at the local institutions of higher learning on a full time basis; and
• Sponsorship for officers in the Managerial and Professional Group to pursue post-graduate studies on a part time basis at the local institutions of higher learning.

The National Institute of Public Administration (INTAN), a division under the Public Service Department is the premier public service training institution entrusted to conduct training courses for all levels of public service personnel. However, INTAN which is ISO 9000 certified since has gained considerable experience and established its niche in the provision of executive development programmes and leadership training for the public sector executives.

In a highly globalized environment that is characterized by rapid and unprecedented change, the role of leadership in bringing about national transformation to achieve global competitiveness is of utmost importance. Therefore, it is imperative that the public sector should give more attention on developing leaders who are capable of harnessing the forces of change to ensure our nation can compete effectively in the era of globalization.

The following paragraphs of the paper focuses on the issue of executive development and highlights the training programs that are being implemented by the National Institute of Public Administration (INTAN) to enhance the capability and effectiveness of public sector leaders in fulfilling their role as a strategic integrator in the process of enhancing national competitiveness in a highly globalized world.

**Training path for public sector executives**

Public sector executives, particularly those in the Administrative and Diplomatic Service, are required to go through a rigorous training process of competency development as they proceed along their career path. The core of the training process is a series of compulsory courses that public sector executives have to attend before they are promoted from one level to the next higher level. At the entry level (Grade M41), junior officers are required to attend the Diploma in Public Management course, which is a six months program. They have to complete the program and obtain a pass before they can be confirmed in their current position.

**Model for executive training**

Executive training in INTAN involves six major areas (ICT Management, Financial Management, Economic and Business Management, Urban and Environment Management, Human Resource Management, and Quality Management); covering three organizational levels (individual, supervisory and management, leadership). The areas of emphasis at the individual level focus more on values and ethics, communication skills, basic computer skills, human relations skills, language and attitudes. These areas form the very foundation for future competencies development. If this level is weak, then it will be very difficult to develop an effective public sector leadership at higher levels.
At the second level, the emphasis is on developing supervisory and management skills in the areas of ICT management, financial management, quality management, economic and business management, human resource management as well as urban and environment management.

At the highest level, the focus is on leadership development, provided mainly by the Leadership Center. Apart from the mandatory courses, INTAN also conducts short courses covering various aspects of executive training and development. These short courses include Leadership and Organization Management, Strategic Management, Leading Change, Learning Organizations, Conflict Management and Negotiation, Creative Thinking, and Islamic Management. These courses focus specifically on the needs of departmental leaders and form a major part of the “continuous learning” environment for senior public sector leaders.

Role of INTAN in executive training and development

As the premier public sector training institute responsible for enhancing the capabilities of public sector executives, INTAN has to keep pace with the rapid changes in the environment to remain relevant and to add value to the society it serves. Therefore INTAN needs to continuously play a strategic role in the national transformation process by designing and implementing training programs aimed at:

- Increasing public sector efficiency through greater customer orientation;
- Stimulating changes in the management of public sector organizations;
- Increasing accountability and discipline among public sector employees;
- Institutionalizing a culture of excellence; and
- Prioritizing and restrategizing training programs to meet current needs and future challenges of the nation.

Although INTAN would like to conduct as many executive development courses as possible, due to resource limitations, it is not possible to do so. To overcome this constraint, INTAN has to outsource some of its training programs to meet escalating demands for executive training. Several approaches have been adopted, including:

- Inputs by external experts for selected topics;
- Course conducted wholly by external experts;
- Course conducted in collaboration with other public sector organizations;
- Course conducted in collaboration with private sector organizations;
- Course conducted in collaboration with third sector organizations; and
- Course conducted in collaboration with private and third sector organizations.

Besides conducting courses, INTAN also runs other programs and activities that contribute towards executive development. These programs and activities include:

- Special talks and panel discussion, e.g. Premier Civil Service Dialogue with the Prime Minister (MAPPA); INTAN Executive Talk (IET) and Executive Roundtable - INTAN (ERTI).
• Special seminars, e.g. Seminar on Managing Change in the Era of Electronic Government; and Managing Public Sector Output in the Knowledge-Based Economy.
• Annual conference, e.g. National Civil Service Conference; and
• Publications, e.g. Bulletins; INTAN Management Journal; INTAN Management Series; and INTAN Executive Series.

Given the current reality that is characterized by a highly globalized and turbulent environment, the nation needs leaders in both the public and private sectors to lead the transformation process towards achieving our Vision 2020. As the premier training public sector training institution, INTAN is taking the leading role in transforming public sector leadership through its various training programs and activities. It also recognizes that it has resource limitations and therefore it seeks to develop strategic alliances and smart partnerships with other organizations, locally and abroad, in order to strengthen its delivery capabilities and to gain worldwide recognition as a world-class public sector training institute.

Application of ICT in the Public Service

Davidson, Gellman and Chung (1997) in their book “Riding the Tiger” stated, “you can no longer enjoy the choice of ignoring information technology. Both public and private sector organizations are run today with people and procedures, and silicon and software.” According to them, “Managers are riding a technology tiger. This makes for an uncomfortable place to sit. If you fall off, the tiger will eat you alive. If you master the tiger, you can outpace your competitors”.

It is a fact that the public service managers the world over, either willingly or reluctantly, are riding the technology tiger. Massive financial resources have been allocated to use modern technology to improve customer service, to make work easier and more rewarding to employees. However, many have claimed that the benefits of technology have not matched the costs of investment in it. It is later learnt that technology per se is not productive and does not add value unless there are people who have the knowledge and expertise to use it productively.

In the case of the Malaysian Public Service, the government has embarked on the design and development of a Human Resource Management Information System (HRMIS). It is one of the six projects under the Electronic Government flagship, which in turn is one of the seven flagships under the Multimedia Super Corridor (MSC) programme. The Public Service Department (PSD) as a central agency responsible for the human resource policies for the Public Service is the lead agency for the implementation of the HRMIS project. A consortium of ICT companies had been commissioned by the government to design, develop, procure and install the system. The project is scheduled to be completed by March 2004.

This Project aims to provide an effective and efficient system for managing human resource in the public sector. It is a measure taken by the government to meet the challenges of the new millennium, which require the public sector to strengthen the management of its human resource as well as enhance the effectiveness and efficiency of the overall administrative machinery by harnessing the potential of multimedia and information technology. The objectives of the EG-HRMIS are as follows:
• To achieve effective staffing and rightsizing of the civil service through better availability of human resource management information;
• To automate human resource management operational processes;
• To build up-to-date consolidated human resource management information for effective human resource management and planning among agencies;
• To achieve better communication, horizontal integration and more streamlined processes through establishing a richer collaborative systems environment among agencies so as to provide a single window access to human resource transactions which usually cut across agencies;
• To provide an open and flexible system, which fulfils and improves the information needs of operational and managerial processes at different level of agencies.

The development of the HRMIS applications was based on a comprehensive business improvement process (BIP) study of the existing system for managing human resource in the Malaysian Public Sector. This study includes understanding and documenting the current Human Resource organization, process, people, and the supporting application systems and data management in the government. Secondly, it identified and recommended organizational, functional and process improvements in human resource operational and managerial functions incorporating relevant best practices. This served as the foundation for the design and implementation of EG-HRMIS Application.

The HRMIS application was developed based on a competency based human resource management model. Data associated with clearly defined competencies (knowledge, behaviors and skills) which can be both generic (such as interpersonal and communication skills) and position-specific (such as skills for specialist and technical positions) would be utilized by HRMIS application in the execution of the human resource function. The HRMIS application has positioned the competency element as the main driver for the execution of the human resource functions specifically in Development, Performance Management, Career Management and Remuneration, Benefits and Reward modules. This model provides a common platform in aligning organization, process, people and technology development.

Apart from the human resource functions, the HRMIS system also provides the following information services: -

Executive Information System (EIS) to provide information for decision-making purposes. The system will provide for data mining, forecasting, analysis for skill sets, manpower needs, inter-agency process tracking, and analysis of on-line job posting, analysis of job applications and on-line analytical processing and query.

Decision Support System (DSS) to provide interactive capabilities that can be used to perform ‘What-if Analysis’. The system provides for forecasting and simulation to analyze financial implications of service and remuneration scheme changes, information synthesizing to provide information relevant to strategic decision-making and best practice models.

Web-based publishing towards paperless human resource management capabilities among agencies through electronic distribution of information. The documents that will be published include human resource policies, circulars, and instructions, training documents, recognition of qualifications, and schemes of service.
Knowledge base will be a repository for knowledge for HRM in the public sector. It will also provide for a search engine, spell checker and thesaurus.

With the implementation of HRMIS, human resource activities can be undertaken with greater ease and speed with the availability of human resource information system. Uniform human resource management policies and procedures as well as the integration of human resource information into a centralized data bank will make it easier for all agencies to use this system. In addition, automation of human resource processes would enhance productivity through faster processing, better work environment and reduction in mistakes or errors as well as in overlapping work. The integrated human resource information system will enable the sharing of reliable information quickly. It will also allow for better and faster communication among all the agencies involved. When completed, the HRMIS will link all government agencies electronically so that human resource information from the grass root level can be easily transmitted to higher levels such as to the headquarters of agencies, ministries, the State Secretariat Offices and the Public Service Department (PSD). Human resource activities that are less productive can be reduced and greater emphasis can be given to more productive work that enables human resource management to function at the strategic level.

CONCLUSION

In an increasingly borderless and globalised world, organization must be able to adapt rapidly to the demands and requirements of the changing environment in order to survive. In the case of the public service, its main role will be to facilitate competition in an environment in which productivity and quality are important. At the macro level, the ability of the government to develop, utilize and allocate human resources effectively and efficiently is critical to enhance nation’s competitiveness. At the organization level, the skill sets of the workforce, potential of the workers to be trained and retrained and their ability to adapt to new technologies and work procedures will help to shape the organization’s competitive edge in the era of knowledge economy.

In the case of the Malaysian Public Service, its current and future roles in the administration and development of the nation are clearly defined by the various macro policies and development plans introduced at the various stages of the country’s development. Vision 2020, the National Information Technology Agenda, the Third Outlined Perspective Plan (2001-10) and the Eighth Malaysia Plan (2001-05) have outlined the nation’s vision and efforts to intensify the development of high technology and knowledge intensive industries as well as to make ICT the catalyst for growth in the 21st century.

To realize the goals and objectives of these policies and plans, the Malaysian Public Service have taken steps to develop and retain the current public service employees as well as enhancing its capacity to attract, develop and retain new talents with the necessary attitudes, personality traits and caliber required for the work and roles expected of the public service as the country evolves. The Malaysian Remuneration System, the training and development activities and the ICT-related projects such as the Human Resource Management Information System (HRMIS) are major HRD-related initiatives introduced with the objective of enhancing the capacity and ability to meet the challenges posed by the constantly changing environment triggered caused by the globalization and rapid technology advancement.
References


