An Overview of the Administrative Reform in the Malaysian Public Service

By Dr. Hj. Malek Shah b. Hj. Mohd. Yusoff

Administrative Reform

Attempts have been made by scholars over the years to define administrative reform, but none has been accepted as the official definition. G.E.Caiden, in his pioneering book on the subject has described the work in administrative reform as being patchy in appearance and variable in quality. He further explained that conceptually it is not something new, it is as old as administration itself and the subject has only been seriously discussed as a field in the discipline of administration in the last two decades. Therefore in many aspects it lacks systematic and detailed treatment. He finally defined the term as “an artificially inducement of administrative transformation against resistance.”

Scholars like W.F.Finan, R.A.Chapman, Hanh-Been Lee, Leemans and many others (including United Nations) have since then argued and analysed the subject matter in one way or another. However Quah (1976) went on further by saying that the changes that are to bring about in an organization cover both (a) structure and procedures of public bureaucracy (the institutional aspect); and (b) the attitudes and behavior of the public bureaucrats involved (the attitudinal aspect).

Although there is no universally accepted definition, there is fundamental agreement among research/scholars of public administration that it is meant to improve administrative capability and capacity, particularly in the developing countries, for the purpose of achieving national goals effectively. In other words it is meant to encourage an effective administration capable of bringing about economic, political and social development, or, as explained by Caiden, to enhance and increase the quality of public services and deliver such goals and services to citizens more economically, efficiently and effectively (Caiden, 1969). Therefore any attempts to evaluate the administrative reform programmes in most of the developing countries will be in the context of national development, that is, when administrative reform is regarded as “a conscious and deliberate attempt to improve bureaucracy in order to attain national development goals.”

For the purpose of this paper, it is important to note that the objective of administrative reform in Malaysia is to develop an effective and efficient administration capable of bringing about economic, political and social development in line with the national development aspiration.
Malaysian Administrative Reform Development

In sum, Malaysia has gone through three phases of administrative reform efforts. The first phase was during the Colonial period when British replaced the traditional-feudal administrative system with a more modern, organised and systematic administrative structure. For the first time, aspects of public administration were introduced in the public service. The British model of financial accounting and judicial system which are more structured and advanced were introduced in Malaysia (then Malaya). Although the British had their own interests, in terms of introducing and developing a more sophisticated and advanced government machinery that replaced the old structure which was controlled by the rulers, chieftains and headmen, this was significant in the history of Malaysian public service. The British laid down the basic principles of the modern public administration system in the country and based on this background, the Malaysian public service had developed and progressed.

However, the political development in the late 1960s influenced the formation of the long-term socio-economic policies in the early 1970s. Socio-economic development had been the main thrust of developing countries development goals. Under the various international aid programmes, the emphasis was made on socio-economic development, planning, implementation, coordination and monitoring system. Thus the various technical aspects of the planning and implementation became important then. Malaysia is of no exception to this development and was entrusted with the technicality of the development aspects introduced by the western countries. It was then revealed that the Colonial bureaucratic system and culture was no longer appropriate to shoulder the added functions given to the local public service in the 1960s and 1970s.

“Development Administration” became the catch-word of these decades and was regarded as panacea to all sort of administrative malaise. Thus, the Ford Foundation’s study and recommendations became the second stage of Malaysian Administrative Reform efforts, which emphasized mainly the structural changes in the government administration. Later, the New Economic Policy (NEP) demanded strong commitment on the part of the government through various mammoth socio-economic development projects. The government’s substantive traditional function national building, which is common among the newly independent countries, has been added to with a new role in national development. The government started enroaching into economic and commercial activities in order to remedy the economic imbalance amongst the multi-ethnic groups, especially at a time when there was a weak private sector which was not capable of shouldering the national economic development and social responsibilities and this resulted in the growth of the public sector that eventually caused not only fiscal crisis for the ruling government but also resulted in the sluggishness in the public service.
The economic situation in the late 1970s and the recession in the early 1980s, inspired the then government to introduce remedial action to solve its economic and financial problems. The situation has also impressed on the government the need to review the effectiveness and efficiency of its public service in line with its efforts to ease its financial difficulties.

The Mahathir era is regarded as the third and most important with regard to managerial reform in the history of the Malaysian Public Service. The local and international political and economic climate had forced the fourth Malaysian Prime Minister, Dr. Mahathir Mohamed, to overhaul not only the government’s policies but also the government’s machinery to create a small but effective, efficient and reliable public service. The cautious culture of the Colonial administrative system had been found to be a hindrance to most of the development efforts in the 1970s. Therefore it had to be replaced by a new corporate image and a culture which was up to date and dynamic. Although it is not mentioned specifically, the new administration in the 1980s is basically seeking to reinvent a public service that is small but stronger.

Mahathir’s administration upheld the philosophy of public-private sector cooperation in developing and promoting economic growth. The Japanese experience with its remarkable economic growth, inspired the Malaysian government to formulate the Malaysia Incorporated (MI) Policy, and later, strengthened by privatisation programme, to provide the avenue to the emergence of an effective and dynamic private sector.

Similarly there is a need for the establishment of a strong, reliable and effective public service to serve the private sector efficiently. The service arm prescribed by the MI policy called for a review in the public service which needed a new direction and image. The Public Service should play the role of a facilitator, supporter, regulator and adviser. Mahathir’s administration, later, outlined the nation’s desired path that becomes binding on everyone. Vision 2020 was conceived to provide a focus and direction for the nation during the next 30 years. The attainment of some of the targets in this policy depends very much on the effective cooperation between the public and private sectors.

By 1990 the New Economic Policy (NEP) was replaced by the National Development Policy (NDP). The main objective of NDP is to obtain a balanced development in order to establish a more united and just society as envisaged in the Vision 2020. The NDP is basically and advanced stage of social engineering process to restructure the multi-racial society which stress not only economic and social aspects but also moral and ethical values.

Malaysia Incorporated

Malaysia Incorporated and Privatisation are basically the twin concepts which are
aimed at improving the Malaysian economy. In brief, the MI concept means close and mutually supportive cooperation between the private and the public sectors to further the country's economic growth. Thus, MI and privatisation concepts call for everyone to start formulating and adopting a common national corporate philosophy and strategy for action. All must now start thinking in terms of contributing to the well being of the nation as part of their responsibility.

Malaysian approach to this concept (as opposed to the Japanese Inc.) is a deliberate effort by the government to foster a close relationship between the private and public sector. The policy in one aspect demands a change in mentality and attitude among bureaucrats and business executives in bridging the gap between the two sectors in nation building, on the other hands it also calls for some structural/institutional changes to suit the new environment.

**Privatisation Programme**

Like other reform programme, privatisation was part of a broader and deliberate policy taken by the government in countering the poor performance of public enterprises and in combating the public sector deficits as well as the debts problem. The process of selling state-owned enterprises has been seen by many countries in both the west and east, and developed and developing countries, as a way of remedying their economic problems.

Privatisation in the broad sense covers all aspects of reformatory action designed to subject administrative activities to the discipline of the market place. However, many scholars advocate that privatisation leads to a fundamental shift of the transfer of public sector activities to the private.

In the case of Malaysia, the term privatisation was officially defined by the government as the transfer of ownership and management of government services and enterprises to the private sector. It is just the reverse of nationalization. In other word, limiting the government’s role and reducing the size of the government bureaucracies and introducing competition and market discipline is taken to be the best form of promoting efficiency.

The Prime Minister once said “The government has no business to be in business.” He believed that the private sector should become the country’s major engine of growth and it is hope that in the near future the private sector will be the dominant sector in the national economy. However, the Prime Minister stressed that their new direction would not revoke the objective of NEP. The Minister of Finance, in his inaugural address at the National Conference on Corporatisation and Privatisation on the 29th June 1992, clearly mentioned that it is evident that the economic activities of the country are better governed by market signals rather then administrative directives. With this background, privatisation in Malaysia was officially initiated in 1983. The
underlying rationale for privatisation was a clear need to curtail public spending and the poor performance of state-owned enterprises, while at the same time there was a strong belief that the private sector is more efficient and innovative than the public sector.

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