

The Effectiveness of the Malaysian Public Sector Service Delivery System: An Analysis

Roshidi Hassan

Abstract

The Malaysian public sector has contributed a lot in transforming the country's low-value added agriculture-based economy 50 years ago into what it is today as acknowledged by many. A shining example of a success story in economic transformation, Malaysia is a country that has sought and achieved economic development while maintaining its traditional culture and values, and it has judiciously adapted the civil service to support its national objectives. In the transformation process, numerous performance enhancement initiatives were undertaken by the public sector in its effort to adapt to the changing internal and external environment. Despite such efforts undertaken, grouses and complaints from unsatisfied stakeholders and customers are often heard. This paper highlights the concepts of customer satisfaction, the role of organizational stakeholders and organizational performance. It also examines from an internal systems approach why performance enhancement initiatives introduced in public sector organizations in Malaysia fall short of producing the desired results as perceived and expected by the stakeholders. Recommended strategies and action plan to remedy the situation are also included for considerations by interested parties.

Keywords: *Effectiveness of public sector, service delivery system, stakeholders.*

Introduction

For the public sector of Malaysia, the journey of modernising the service delivery system began from the onset of her independence in 1957. It has been tasked with different roles throughout the years in meeting the variety of customer needs and demands of the day. This has included among others; administering and providing essential public services and safeguarding national security in the 1960s; planning and implementing socio-economic programs designed to support the New Economic Policy in the 1970s; facilitating and regulating economic activities during the years of rapid industrialization in the 1990s; and adapting to the new globalised world of doing business today.

The public sector has to cope with numerous challenges and has to respond to many new needs and demands of both its internal and external environment. Due to these challenges and pressure, the public sector is an object of large reforms (Lane, 2000; Kickert, 1997;

Kettl, 2000). *“Over the last two decades there appears to have been a huge amount of public management reform. Although there was also reform in earlier periods, the changes since 1980 have – in many countries – been distinguished by an international character and a degree of political salience which marks them out from the more parochial or technical changes of the proceeding quartercentury”* (Pollitt and Bouckaert, 1995).

Today, the new business world has transformed itself into a period where it is no more a supplier-dominated era, but of demand instead. This tendency is described as a shift from a producer point of view to a citizen/customer point of view (Pollitt and Bouckaert, 1995). Therefore, the public sector has to once again continuously adapt and re-invent itself for a globalised world market demand by being more competitive, providing high value services, creative and innovative and placing the citizen/customer at the centre stage.

Throughout the changing environment, the Malaysian public sector has undertaken several initiatives to improve its delivery system such as improving procedures and systems of doing work, introducing office automation and information technology, and enhancing the capacity of district administration. Realizing that values and ethics are critical for the provision of "quality" service, the public sector has also launched several programmes to inculcate desirable values, such as honesty, discipline, integrity, dedication, accountability, trustworthiness and efficiency among the public servants. The administrative reforms of late were guided by the underlying philosophy of quality, with emphasis on administrative improvements, enhancement of information technology, improvement of information, and overall service delivery.

However, despite these measures, generally the public is still of the perception that the service quality of government agencies in the public sector is much to be desired. This perception is often portrayed in various media reports, public forums, seminars, etcetera. Continuous calls by political leaders and high-ranking civil servants for the public sector agencies to improve their service performance reflect that this perception has grounds.

Complaint statistics obtained from the Public Complaint Bureau of the Prime Minister's Department as shown by **Table 1** below is a testimony to this perception. Except for 2007, there is an increasing trend of public complaints in the last five years with a sharp increase in 2009. The increase or decline of service quality is indicated by the customers' complaints as they are the proxy to the service quality or indicator or symptom to service quality (Stafford, Stafford & Wells, 1998; Kouzmin, Loeffler, Klages & Nada, 1999). If these figures are in fact indicators of the performance of the government agencies, then it is a matter of great concern for all stakeholders of the Malaysian public service delivery system.

Table 1: Number of Complaints and Percentage Increases

Year	No.of Complaints	Percentage Increase from Previous Year
2009	12,688	212.6%
2008	4,059	38.0%
2007	2941	-13.4%
2006	3397	25.5%
2005	2707	-2.8%
2004	2786	-31.5%
2003	4069	-3.2%
2002	4202	51.8%
2001	2769	-25.6%
2000	3721	-

Source : Public Complaints Bureau, Prime Minister's Department 2010

This paper will try to analyse the reasons why initiatives introduced to enhance the quality of service delivery system of the public sector in Malaysia are not producing satisfactory results. The scope of this analysis is limited to the service delivery system of the public sector agencies in general and not to any particular agency per se. From the analysis, this paper will recommend strategies as well as an action plan to be undertaken in order to improve and regain public confidence of the Malaysian public sector service delivery system.

The Role of Public Sector Agencies In The Malaysian Context

The role of the public sector agencies are to carry out core functions of the government towards achieving socio-economic development of a country. In the Malaysian context, the role of these agencies can be summarised into four broad areas as follows (PSD Malaysia, 2004):

The Role of Implementor

Traditionally, public sector agencies act as implementing agencies for those activities which cannot be undertaken fully by the private sector such as education, health, security, international relations and non-profit social projects.

The Role of Pacesetter and Leader

Public sector agencies act as pacesetters and leaders in new areas of development in order to provide sustainable growth for the country. The Multimedia Super Corridor, the development of Cyberjaya and Putrajaya, the establishment of Regional Development Corridors such as the Iskandar Development Region are examples whereby public sector agencies take the lead in providing infrastructure networks and formulating new enactments to stimulate growth of new areas of development.

The Role of Facilitator

One of the main roles of public sector agencies is to facilitate business operations of the private sector which is recognized as the engine of economic growth. The ultimate objective of this role is to minimize costs of doing business on the part of the private sector thus enabling them to be competitive, efficient and sustainable.

The Role of Regulator

In order to provide a level playing field for the private sector to do business, and to ensure the consumer and society's rights are protected, public sector agencies also play the role as regulators through policy formulation and enforcement of rules and regulations.

From those roles described above, it is clear that public sector agencies play a pivotal role in moulding the development of a country. Public sector agencies also act as the linkage between the civil society and the government to uphold the democratic system. In short, in a nationhood system, the role of public sector agencies cover all levels of society in all sectors. Therefore, it is pertinent that these agencies play their roles as effective service providers which will eventually lead to satisfied stakeholders and customers – a prerequisite to sustainable economic growth, stability and progressive nation.

Managing Service Delivery Effectiveness In The Public Sector

The Role of Stakeholders

The term stakeholders has assumed a prominent place in public and non-profit management theory and practice in the last 20 years, and more especially so in the last decade (Bryson, 2004). As Bryson acknowledges, attention to stakeholders is important throughout any strategic management process because 'success' for public organizations depends on satisfying key stakeholders according to their definition of what is valuable. Organizational stakeholders can be divided into two main groups, i.e. inside and outside stakeholders (Jones, 2010). Inside stakeholders include shareholders, managers and the workforce; whereas outside stakeholders include among many others, customers and the general public. Since there are multiple stakeholders for public sector organizations, managing them is not an easy task. Yet, failure to attend carefully to stakeholder interests and information can easily lead to disaster (Bryson, 2004). However, there is still a paucity of research that clearly articulates how to systematically identify and analyse stakeholders or how to manage the various complex and often competing stakeholder relationships (Bryson 2004).

Satisfaction and the Service Quality Gap

The model that has underpinned the satisfaction approach is the disconfirmation theory, which suggests that customer satisfaction with a service is related to the size of the disconfirmation experience; where disconfirmation is related to the person's initial expectations. If experience of the service greatly exceeds the expectations clients had of the service, then satisfaction will be high, and vice versa. In the service quality literature, perceptions of service delivery are measured separately from customer expectations, and the gap between the two, $P(\text{perceptions}) - E(\text{expectations})$, provides a measure of service quality and determines the level of satisfaction (Maister, 1993).

Expectations have a central role in influencing satisfaction with services, and these in turn are determined by a very wide range of factors. It is arguable that the range of influences on expectations is even wider for public services. The impact of brand image or service reputation (covered by word of mouth communications) on expectations is seen as central in a number of public and private sector studies. This would seem to be a particularly important concern for public services, for two key reasons. Firstly, it is argued that in the absence of detailed information about competitor services or alternatives, the importance of image is increased. This is likely to make this factor a central aspect of views of many public services, given the generally more constrained choice and limited benchmarks available to customers.

Furthermore, the range of impacts on the image of public services is likely to be somewhat wider than for private services. In particular, it is argued that expectations of public services can be influenced by views of government and politicians. For example some contend that “...*the distinction between politics, government and the public service may seem blurred in the eyes of many*” (Dinsdale, and Marsden, 1999) and therefore “*the public's perception of honesty and integrity in their government will affect their assessment of the services they receive from these institutions.*” (Dinsdale, and Marsden, 1999). Expectations of public services are not only influenced by direct communications from the service, or even what the media says about service itself, but also the reputation of the government as a whole. It is generally thought that the impact

of this factor may be relatively minor when asking about very specific service elements, but it is likely to have a major impact in more global ratings. This is reflected in a number of studies. Global assessments of public services were seen to result in stereotypical, critical responses – influenced by the negative connotations of big, inefficient governments. However, the more specific questions are, the more positive perceptions are seen to be (The Prime Minister’s Office of Public Service Reform U.K., 2002). Similarly, in a Canadian study, when researchers compared overall ratings of public services with private services, views of public services were less positive.

However, this was much less noticeable when respondents were asked to compare specific public and private services. We would also argue that, in the context of public services in particular, there may be a case for including *personal values or beliefs* as an influence on expectations, independent of the other factors included in the model. This relates to what people view as the role of public services: reflecting their dual role as clients and citizens. The overall model of key factors influencing expectations of public services is widely recognised that the nature and impact of each of these influences will vary for different customers and services. This is not an additional determinant of expectations in the same way as those outlined above, but it is critical to understand when making comparisons between public services: for some services, the greatest influence on the level of expectations is likely to be the nature of the customer group that is being served.

Satisfaction is a widely accepted concept despite real difficulties in measuring and interpreting typical approaches to its assessment. The most common approach is the use of general satisfaction surveys undertaken every few years and designed to track changes over time. There are however, a number of difficulties with the concept of satisfaction (Communities Scotland, 2006: 20):

- It is not static, but changes over time; new experiences and levels of awareness will alter the potential levels of satisfaction that could be achieved.

- It is likely to be complex and the result of a mix of experiences before, during and after the point at which it is measured.
- It occurs in social contexts which are varied and changing and may be unpredictable or inexpressible to the service user.
- It may be difficult to express the reasons for satisfaction; particularly where less tangible aspects of services are being considered.
- It may be easier to express the reasons for dissatisfaction, particularly if this is the exceptional state.
- Without understanding the causes of satisfaction, there is a danger that we might treat a “good result” as a reason not to change anything, seeing it largely as a PR tool.

Organizational Performance and Effectiveness

Organizational performance is a multidimensional construct (Paauwe and Boselie, 2005) and one of the dimensions is service quality (Dyer and Reeves, 1995). Service quality is an important dimension of organizational performance in the public sector as its main output is services. Moreover, these public organizations are not profit oriented like the private organizations (Harel & Tzafrir, 1999). Service quality is a subjective performance whereby it is determined via the customer survey (Harel and Tzafrir, 1999). External customers are the most suitable source of information on service quality (Parasuraman, Zeithmal & Berry, 1988; Donnelly, Wisniewski, Dalrymple, & Curry, 1995) as they are the recipients of the services provided by the public organizations. Internal customers or the service providers might feel that they have done their best to serve the customers, therefore; they failed to notice the decline of service quality.

One of the most regularly used concepts of service quality is SERVQUAL espoused by Parasuraman, et al. (1985). They define service quality as the degree of differences between normative expectation of the customers towards the services and their perceptions towards the service performance (Parasuraman, et. al, 1991). SERVQUAL comprises of five dimensions which are tangible, reliability, responsiveness, assurance and empathy. Studies have shown that SERVQUAL to be more accurately identified

service shortfalls and deficiencies within an organization compared to other instruments (Parasuraman, Berry & Zeithmal, 1991). The underlying structure of SERVQUAL appears to be well suited to assessing service quality in a public sector context (Wisniewski & Donnelly, 1996). Furthermore, SERVQUAL instrument has been used extensively to measure service quality in the UK and Scotland public sector (Bryslan and Curry, 2001).

In measuring the effectiveness of organizational performance, researcher have pointed to control, innovation and efficiency as the three most important processes (Jones, 2010). Control in this context means having control over the external environment and having the ability to attract resources and customers. Innovation means the ability of the organization to develop new products and processes through its own skills and capabilities. It also means designing and creating new organizational structures and cultures that enhance the organizations ability to change, adapt and improve the way it functions. Efficiency means developing modern production facilities using new information technologies that can produce and distribute an organization's products or services in a timely and cost-effective manner. It also means introducing techniques like Internet-based information systems, total quality management, and just-in-time inventory systems to improve productivity.

The effectiveness of an organization in confronting each of the three challenges mentioned above can be evaluated using either one of three approaches, namely external resource approach, internal systems approach and technical approach. For the purpose of this paper, the internal systems approach will be used to analyse why performance enhancement initiatives introduced in public sector organizations in Malaysia failed to produce the desired results as perceived by stakeholders.

Analysis Of Effectiveness Of Performance Enhancement Initiatives In The Malaysian Public Sector

Organizational Strategy

In general, public sector agencies do have some kind of strategies in implementing performance enhancement initiatives issued by the central agencies but when it comes to those people at the bottom of the hierarchy often the strategies and initiatives might not be fully understood and thus affect the implementation of these initiatives. These initiatives are also seen as directives forced upon the entire organization to be implemented and therefore not surprisingly that it might be implemented with little sense of commitment and ownership. Furthermore, those initiatives usually emphasized more on output rather than impact. For example, in the implementation of the MS ISO 9000 Quality System initiative, much of the interest and effort were geared more towards system certification rather than evaluating the outcome of the initiative in the form of organizational value creation.

Organizational Structure

Basically, Malaysia's public sector organizations are divided into three main hierarchy levels namely the federal, state and district levels. Such huge structure of the public sector understandably poses some problems in communication between the central and other agencies. Public sector agencies at the federal level normally are more receptive and act faster towards new initiatives introduced as compared to other agencies at the state and district levels especially those located far away from the central agencies. During implementation, the initiatives are normally entrusted to a certain unit or division and the agency head often take upon himself to oversee successful implementation of the initiatives.

Organizational System

The public sector as a whole comprise of a network of numerous complex sub-systems which influence one another. For example human resource management system of an organization influence its financial management system and value system practiced in the organization. The outcome of the interactions of these sub-systems would be the organization's service delivery system. However, public sector agencies might not be highly capable in aligning these sub-systems with their desired outcomes so much so that

the sub-systems are treated as stand alone systems and not synergised towards achieving the ultimate goals of the organization. This is perhaps one of the reasons why although some agencies in the public sector are ISO certified agencies, their service delivery quality are still not up to the expectations of their stakeholders.

Organizational Workforce

Training and human resource development are important functions of an organization because the workforce is one of the most important assets that determines organizational performance. However, some agencies in the public sector might have overlooked to this important function. As a result, competency of the workforce remains static and they tend not to be so receptive or adaptive to change. For example, in the initiative to measure organizational performance, Key Performance Indicators (KPI) were formulated. But these indicators are looked upon sceptically by some as deliberate effort to gauge the performance of the individual workforce. By nature, human beings do not like to be measured (Niven, 2002). At the end, the initiative undertaken did not give the desired result which is improved delivery system of the public sector.

Organizational Skill

Generally, some of the public sector workforce do not have the required skills to effectively implement performance enhancement initiatives. For example, in the implementation of the KPI and ISO initiatives, some agencies have to hire external consultants to assist them or help them to do it. This resulted in the absence of ownership and commitment amongst public agencies employees on the initiatives. The insufficient skill of the workforce in the public sector could be the outcome of an ineffectiveness of some of the public sector agencies in developing an innovative and effective human capital development program.

Organizational Leadership

Leadership is one of the most important if not the most important in ensuring successful implementation of performance enhancement initiatives in public sector organizations. Leaders, as drivers of his or her organization is accountable and directly responsible for

the performance of the organization. Leaders who are readily to champion those performance enhancement initiatives are more likely to achieve the desired impact. Leadership is also an important factor to motivate organizational workforce in the implementation of the initiatives. However, poor and ineffective leadership might be a major cause to an ineffective service delivery system in public service organizations even though most of these organizations have undertaken various performance enhancement initiatives in the past.

Organizational Value

The presence or absence of shared value embedded across an organization also determines success rate of performance enhancement initiatives undertaken by the organization. For example, if an organization possess a shared value that gives emphasize on a culture of excellence, the probability that performance enhancement initiatives undertaken will be succesful is higher than an organization which does not have such a culture.

Recommended Strategies And Action Plan

After analyzing the scenario of the contributing factors that hinder successful implementation of performance enhancement initiatives in the Malaysian public sector, follows are recommended strategies and an action plan that might help to remedy the abovementioned issues.

First Strategy : Measurement of Effectiveness of Performance Enhancement Initiatives

Effectiveness of an initiative undertaken need to be measured from time to time through scheduled surveys such as customer satisfaction survey. It is recommended that this survey is carried out on a half yearly basis to measure stakeholder satisfaction. Through such surveys, problems and obstacles as wellll as organizational competency level can be can be identified. Follow-up remedial measures can then be undertaken to rectify the

situation. For this purpose, a committee headed by the organizational head need to be formed to undertake the evaluation exercise.

Second Strategy : Developing a Motivated and Competent Workforce

The performance of an organization depends on the performance of its workforce. Competency of the workforce which involves attitude, skill and knowledge need to be enhanced continuously and realigned to the ever changing environment. Organizational members that possess a systems thinking approach would be able to see the interconnection of different sub-systems of the organization and hence would be able to ensure that performance enhancement initiatives undertaken would produce the desired impacts. Competency and capacity building of the workforce can be enhanced through continuous training and skill upgrading. Therefore, training and development programmes of the workforce need to be planned systematically and objectively based on training needs analysis and workforce competency index. Motivational aspects of the workforce can be developed through team building activities, awareness programmes and other measures.

Third Strategy : Inculcation of Integrity Among the Workforce

Public perception of the integrity of public sector workforce is low. This perception need to be addressed. A culture that gives high value on integrity need to be inculcated among the public sector organizational workforce. Such a culture would not only create a competent workforce but also but a workforce with high ethical and moral values. This can be done through various programmes such as integrity courses, talks and inculcation of religious values among the workforce.

Fourth Strategy : Adoption of the Total Quality Management Concept in Organizations

The Total Quality Management (TQM) concept is a management concept that involves continuous improvement on business processes to satisfy the customers. Adoption of this

management concept among the public sector organizations would create high performance organizations and hence high perceptions among internal and external stakeholders. Eventhough this concept have been introduced in the public sector effort to inculcate the TQM culture need to inculcated and nurture continuously.

Fifth Strategy : Developing Effective Leadership in Organizations

Developing effective leadership in the public sector organizations especially among the management and professional group of the civil servants is of utmost importance to develop effective organizations. Leaders in public sector organizations should be responsible and accountable for the effectiveness or ineffectiveness performances of organizational functions of which they are entrusted with. Leadership programmes such as training and courses, coaching and mentoring need to be planned and implemented. Performance evaluation of the management and professional group of the public sector workforce should give more weightage on the leadership aspects. Talent management programs need to be considered by the government to ensure continuous supply of talented and visionary leaders.

Conclusion

There were continuous performance enhancement initiatives undertaken by the public sector organizations in Malaysia but they are not producing the desired outcomes in the form of quality service delivery as expected and perceived by multiple stakeholders. By adopting the internal systems approach to evaluate the public sector organizations' effectiveness in implementing the initiatives, we can identify shortcomings and recommendations to plug the loopholes. A clear communication system, creative and committed leaders, strategic human capital development program can all be an important criteria to ensure effectiveness and success of any initiatives. Effective implementation of the initiatives will enable the organizations to become effective which in turn will result in satisfied stakeholders in the form of quality service received. Efficient and effective provision of public services will lead to satisfaction, trust, integrity, sustainable growth, stability and progress.

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roshidih@salam.uitm.edu.my