



INNOVATIONS FOR SUCCESSFUL SOCIETIES

TYING PERFORMANCE MANAGEMENT TO SERVICE DELIVERY: PUBLIC SECTOR REFORM IN MALAYSIA, 2009 – 2011

SYNOPSIS

In 2008 Malaysia's voters expressed deep discontent with government services by handing the ruling coalition, Barisan Nasional, its worst election performance since independence in 1957. Poor service delivery reflected gaps in accountability, disparities in policy planning, and inadequate coordination across public agencies, especially at the ministerial level. After assuming office in 2009, Prime Minister Najib Tun Razak appointed Idris Jala, a politically unaffiliated corporate executive, as a cabinet minister to head the newly created Performance Management and Delivery Unit, known by the acronym Pemandu, which also means "the driver" in Malay. Najib assigned the new agency the job of monitoring and improving the performance of ministries. Idris facilitated policy planning by issuing a roadmap for change, developed by civil servants in eight six-week "lab" sessions held in October and November of 2009. Leveraging his role as an unaffiliated cabinet minister, Idris and his team at Pemandu then set about implementing the roadmap, building a service delivery chain that linked the cabinet minister to the citizenry via the civil service and implementing agencies. Under Idris, Pemandu implemented the Government Transformation Program (GTP), a system that focused ministries on six key results areas, involving measurable service delivery targets against which ministers and inter-ministerial initiatives would be assessed.

Deepa Iyer drafted this case on the basis of interviews conducted in Kuala Lumpur, Malaysia, in March 2011. Case published July 2011.

INTRODUCTION

In 2008, loss of support at the polls shocked Malaysia's post-independence ruling coalition, Barisan Nasional. In the general elections, the coalition suffered its worst performance in history. For the first time since 1969, it failed to achieve the two-thirds parliamentary majority required to amend the Malaysian constitution. Barisan Nasional additionally lost five of 13 state

legislatures to the opposition, after ceding just one in the previous election. Polls indicated that many Malaysians felt increasingly disenchanted with the status quo under Barisan Nasional. The percentage of Malaysians identifying themselves as "satisfied with the way things are going in the country" sank to 26% from 72% in 2006.¹

Just five years before, in 2003, a new era in Malaysian politics had begun as the country

emerged from 22 years under a single leader, Mahathir Mohamad. As prime minister, Mahathir had widely publicized “Vision 2020,” a policy agenda for moving Malaysia toward developed-nation status by 2020, and the “Look East” policy encouraging Malaysia’s public and private sectors to emulate their East Asian neighbors. Mahathir’s handpicked successor, Ahmed Abdullah Badawi, fell short in delivering on promises to improve service delivery. “The public was tired of their sisters and wives having purses snatched, having to pay petty bribes while hearing of high-level corruption, having to travel on congested roads,” said Koh Tsu Koon, who in 2011 was minister of national unity and performance management. “They’d had enough, and all of this added up to the political tsunami of the 2008 election.”

In April 2009, facing pressure from the coalition to take responsibility for Barisan Nasional’s dismal electoral performance, Abdullah resigned, and his deputy prime minister, Najib Tun Razak, was sworn in. With the memory of public discontent fresh in his mind, Najib knew that he had to deliver results fast to keep Barisan Nasional and himself afloat in future general elections. He issued “1Malaysia,” a policy agenda calling for the cabinet, government agencies and civil servants to emphasize efficient government, national unity and ethnic harmony. Its first slogan—“People first, performance now!”—reflected Najib’s intent to make the government more accountable to its citizens.

Najib invited Idris Jala, then a prominent Malaysian corporate executive, to several cabinet workshops between April and July 2009 that discussed avenues for change. The 52-year-old Idris was something of a celebrity in the private sector. A Kelabit tribe member who grew up in the remote highlands of Sarawak, on the island of Borneo, Idris attended Universiti Sains Malaysia and Warwick University in the U.K. For 23 years he worked for Shell, a multinational energy

company, in Malaysia and Sri Lanka, rising to the position of managing director at Shell Malaysia. Impressed by his track record, the Malaysian government in 2005 appointed him to head the ailing Malaysia Airlines, the government-owned flag carrier. As chief executive, Idris revitalized the airline, turning historic losses into healthy profits in two years.

At the cabinet workshops, Idris talked about his work at Malaysia Airlines. “I was an outsider invited to the cabinet workshops to give input on transformation—on how they might go about it in the public sector,” Idris said. After three months of discussions by the Cabinet and consultants, it became clear that a separate government unit was required to oversee and implement the kind of performance monitoring needed to revamp service delivery. The new operation, called the Performance Management and Delivery Unit, would require a strong, capable leader. Najib, impressed by Idris’ experience, offered him the job. The unit, known by its acronym Pemandu, or “the driver” in Malay, was created in September as a government-linked company, or public agency, within the prime minister’s office, with Idris at the helm.

Pemandu’s broad mandate was to implement the Government Transformation Program (GTP), which aimed to monitor and improve government performance by focusing ministries on clear targets and initiatives. The GTP system organized ministries around six key results areas and set specific targets against which ministers and ministerial initiatives would be assessed.

This case study profiles the implementation of the Government Transformation Program by Pemandu under the guidance of Idris, and demonstrates how including civil servants in initial planning, identifying measurable targets, developing a distinct delivery chain, and defining a clear reporting framework can catalyze a more collaborative civil service culture and improve service delivery.

THE CHALLENGE

Najib's transformation plan emerged from a long history of homegrown experimentation in public sector reform. Despite six decades of performance management initiatives, accountability, planning and coordination still varied widely among the different ministries that constituted Malaysia's civil service. Efforts to enhance efficiency along these lines "were extensive, somewhat unconnected, and, until recently, rarely emphasized measurable outcomes," said John Anthony Xavier, professor at Universiti Putra Malaysia and former director of research in the Public Service Department.

Several previous efforts had tried and failed to address these shortcomings in the Malaysian public sector in an integrated way. Past initiatives had been run mainly by the Treasury, the Public Service Department, or the Malaysian Administrative Modernization and Management Planning Unit, a special operation in the prime

minister's department. A selection of core performance management initiatives implemented by the Malaysian Public Service is provided in Table 1.

These initiatives all suffered from coordination failures and ministerial difficulties in identifying results-oriented indicators. Xavier said, "Each program took the public sector further, but there was still room for more accountability, better planning and more measures of outcomes and impact." Koh, minister of national unity and performance management, said, "Past initiatives were largely process-driven, not results-oriented. The perception was that the civil service could not impact citizens directly."

In linking performance to service delivery, the most visible reforms in Malaysia had involved high-level, cross-ministerial units. Such agencies, including the former Development Administration Unit, the Malaysian

Table 1. Performance Monitoring Efforts in the Malaysian Public Service

Year	Reform	Description
1968	Programme and Performance Budgeting System	Treasury spearheaded budget allocation based on planned levels of service delivery and input costs.
1987/1992	Micro-Accounting System	Treasury had ministries integrate projected output costs into planning.
1990	Modified Budgeting System	Treasury improved budget allocation based on planning and introduced performance agreements (commitments between departments and the Treasury to performance targets for each activity listed in their budget).
1991	Productivity Improvement	Treasury improved the identification of performance indicators in the Modified Budgeting System by measuring productivity in terms of time, cost, and manpower.
1992	Total Quality Management	Malaysian Administrative Modernization and Management Planning Unit identified public agencies' clients, documented their needs, and integrated quality control into targets.
1992	New Remuneration Scheme	Public Service Department reduced 5x74 public sector salary schemes to 19 to facilitate planning, and introduction of merit-based system linking performance to salary.
1993	Clients' Charter	Malaysian Administrative Modernization and Management Planning Unit advocated a publicly documented charter, publicized by each public agency, targeting the quality and timeliness of services provided to citizens.
2005	Key Performance Indicators (KPIs)	Malaysian Administrative Modernization and Management Planning Unit had ministries set up process-based targets.
2007	Strategic Results Areas and Strategic Key Performance Indicators	Treasury required public sector organizations to identify strategic results areas and indicators and measure the results of operations in these focal areas.
2007	Star Rating System on Financial Management	Auditor-general rated and ranked financial management and performance of ministries using an annual star system.
2007	Star Rating System on Public Management	Malaysian Administrative Modernization and Management Planning Unit rated and ranked overall performance of ministry and public agencies' management.
2008	Performance indicators for jobholders in the senior echelons of the public service	Public Service Department annually evaluated senior executive civil service jobholders on targets evaluating national competitiveness, governance, accountability, leadership, and service delivery.

Administrative Modernization and Management Planning Unit, and the Implementation and Coordination Unit had some success in improving public sector efficiency but were constrained by eventually weakened implementation authority and difficulties in overseeing ministry-level activities.

Some of these units sought to improve public sector efficiency by infusing ministries with better practices in a piecemeal way—organizing conferences, distributing promotional materials and holding occasional training sessions. Other units, although focused on monitoring and program implementation, lost steam due to inter-ministerial coordination and communication problems. On the whole, Idris said, “It was a focus on continuous improvement, which is long and drawn out. It takes years to see any concrete results, if at all.” Political support ebbed after years of operating with meager results.

FRAMING A RESPONSE

Najib had noted the recent turnaround of government-linked companies under Khazanah Nasional, the government’s investment arm, to become more profitable through improved corporate governance. When he took office as prime minister in April 2009, he wanted to explore similar ways to revitalize the entire public sector and improve service delivery. In early April, he called on Koh to lead the effort as minister of national unity and performance. Koh headed the Gerakan party, a minority party in the Barisan Nasional coalition. At one time an elected member of the legislature, just before the prime minister tapped him for a position, he had been appointed senator in the upper house. The prime minister’s call was unexpected. “I was surprised when I was given this portfolio,” Koh said. “I’d never done anything like this before, and it was so diverse. I’d have preferred something easier, but we had to hit the ground running.”

Najib and Koh talked with people like

Azman bin Mokhtar, the head of Khazanah; Michael Barber, director of McKinsey & Co.’s global education practice and former head of the Delivery Unit of the U.K. prime minister’s office; and W. Chan Kim, founder of the Blue Ocean Strategy corporate methodology and a management professor at the global business school INSEAD. Najib gathered opinions on how to create a system that linked ministers directly to the services that were delivered to citizens. He hired McKinsey, the Hay Group and other consulting companies to devise a basic framework.

Najib arranged several cabinet workshops in the summer of 2009 to get ministerial agreement on a new system. “Cabinet buy-in had to come first,” Koh said. “We had to convince the ministers that it couldn’t be business as usual. At first, there was considerable reservation. Some ministers asked, ‘Why do we need this? I’ve been winning elections without all this.’ We responded that winning couldn’t last without results.” Eventually, Najib won over the ministers. Koh said, “The prime minister made it clear that this needed to happen. The memory of the 2008 election was strong in our minds.” Tan Juan Jim, a Hay Group consultant affiliated with the process at this stage, said, “For the first time, ministers actually agreed to be evaluated, to adhere to a corporate-based, formalized evaluation system. This was something new.” McKinsey’s Barber advocated a sharp focus and cautioned the cabinet workshops against spreading the new system too thin.

The workshops set about identifying indicators to evaluate performance in three areas: individual ministers, cooperative initiatives involving multiple ministries, and single-ministry initiatives.

Some work had already been done on indicators for the performance of individual ministers. When he took office in April, Najib had told each member of his Cabinet to set five preliminary targets, called ministerial key

performance indicators, or KPIs, for themselves. Juan Jim, from the Hay Group, said, “This was Key Performance Indicator, Version 1.0, the very first round of meetings to get an initial feel for what the ministers’ baseline ability to measure was like.” Najib and Koh made it clear that target setting was a consultative process.

The Cabinet ministers struggled to identify valid indicators. Some set low, easily achievable goals for themselves, and ministries’ interdependent policies often made it difficult to identify specific outcomes. Additionally, some ministries’ outcomes were more measurable than others. Koh said, “Here’s an example: The foreign minister joked, ‘As long as we don’t have war, my diplomacy is successful.’ On the other hand, it is obvious that increasing the number of enrolled students in preschools by a specific amount is a concrete KPI for the education minister. We had to turn general responsibilities into numbers.”

To facilitate inter-ministerial coordination and streamline initiatives managed by multiple ministries, Najib decided to reorganize the ministries to focus on policy goals. The cabinet workshops assigned consultants to scour newspaper articles, town-meeting discussions, online media and public polls to determine the areas the public appeared to care most about. Based on the findings, the cabinet selected six national key results areas, or NKRA: reducing crime, fighting corruption, improving student outcomes, raising living standards of low-income households, improving rural basic infrastructure, and improving urban public transport. Najib assigned a lead minister and ministry to each goal, with each NKRA involving several other implementing authorities. He made the national key results areas official on 11 July 2009 to mark his first 100 days in office.

Meanwhile, within ministries, teams listed key policy goals that did not involve inter-ministerial coordination. These 26 ministerial key results areas, or MKRAs, fell under a single

ministry and minister, and gave attention to outcomes that directly affected the public—for example, responding faster to public complaints or reducing the number of road accidents.

By July, it was clear that Koh needed a way to make the new system of coordinated policy goals (national key results areas, NKRA), individual ministry goals (ministerial key results areas, MKRA), and minister evaluations operational. He needed a way to specify how to evaluate ministers according to their indicators and how to achieve the goals set by key results areas.

Koh realized, as well, that a paramount question remained unanswered: Who would be in charge of implementing a mandate that had such sweeping powers and responsibilities? “Holding such a big portfolio to transform the government was most challenging indeed,” he said, explaining his perspective on the decision. “First of all, I have another challenging portfolio of national unity, besides being the head of the Gerakan party. Second, as I was politically affiliated with Gerakan, the other ministers did not feel comfortable with my role in implementing ministerial evaluations.”

Recognizing that the implementing authority needed a leader who had no party entanglements, Najib turned to Idris, who had a record of corporate success and no apparent political affiliation. In September 2009, Najib announced the creation of Pemandu as an agency within the prime minister’s office, and named Idris as director and chief executive. Idris also was given the title of minister without portfolio, allowing him to attend all cabinet meetings and have direct access to both ministers and the prime minister. Koh felt that this measure “gave Idris the same status as the ministers, and made it clear that the new system was also to be promoted based on the collective consensus of all ministers.” Koh remained minister of national unity and performance, and acted as Idris’ direct supervisor and chairman of the board of Pemandu. He also

served as Pemandu's voice in Parliament and helped to create macro-level policies for the performance monitoring system.

Idris' job at Pemandu was to implement the entire GTP performance monitoring system, including the rudimentary framework set by the cabinet workshops, and to do so quickly.

GETTING DOWN TO WORK

Idris started by recruiting staff from the private sector and from among Malaysian expatriates. Because Pemandu was an agency in the prime minister's office, Idris could offer competitive salaries that exceeded civil service pay scales. He sought out dynamic individuals whose work he had respected during his time in the private sector, and he scouted innovative public sector veterans as well. He also recruited recent university graduates.

Developing a roadmap using 'labs'

To implement the new system, Idris said, he had to develop a process. At Malaysia Airlines, Idris had presented a preliminary turnaround plan to the board and employees on his first day, then met with the various stakeholders and fine-tuned his roadmap into a formal strategy document—all within 100 days. He decided to undertake a similar process at Pemandu, where, he said, "I had to achieve big results fast" in order to build and sustain momentum.

Under Idris' direction, Pemandu organized a series of "lab" sessions between October and December 2009. These gatherings brought together a total of 250 civil servants across all government ministries to brainstorm solutions and identify targets within the national key results areas. Idris had used the lab methodology in the private sector to encourage idea generation. He personally trained consultants to lead each session, designing a template to use in the labs. The eight daily labs—one for each NKRA, one on "1Malaysia" and one on data management—each continued for six weeks.

Ministries were instructed to send their best and brightest operational staff to the labs. Lab attendees received their regular salaries during the six weeks, as well as a bonus from the prime minister's office. When senior civil servants in ministries initially complained about losing their best staff for six weeks, Idris made it clear that the exercise was important to the nation's interest.

Idris said the analytical process of each lab involved "going from 3,000 feet to three feet," that is, starting with the big picture (a single national key results area, like reducing crime, for example) and sharpening the focus to inspect its smallest details. The labs encouraged interviews with citizens and solicited input from the public through online feedback and text messaging.

Lab members divided each national key results area into subcategories and developed performance indicators within the subcategories before hammering out realistic initiatives to achieve the targets. For example, in an education lab on "improving student outcomes," four focus outcomes were identified: increasing the preschool enrollment rate of 4- and 5-year-olds while improving system quality, ensuring that all children have acquired basic reading/writing and math skills after three years of education, developing high-performing schools and lifting the performance of all schools in the system, and improving the performance of head teachers and principals via performance management.

Within each of these four outcomes, lab participants devised four to six indicators to define the outcome further, and these indicators were further broken down into detailed initiatives. Under the outcome for reading/writing and math skills, for instance, one initiative involved conducting periodic screenings to identify candidates for a new literacy and numeracy program run by the Ministry of Education.

Idris, the prime minister, cabinet ministers and the heads of the civil service spent substantial time with each of the labs, monitoring their

progress and challenging the lab members to set tough goals and aggressive deadlines. The crime lab, for instance, set a target of reducing street crime by 20%. “We encouraged high ambitions using stretched, seemingly impossible targets, but to do this we had to encourage everyone to conquer the fear of failure,” Idris said. “I believe that setting incremental targets is tantamount to avoiding transformation.” The crime lab, for instance, set a target of reducing street crime by 20%.

The labs ensured a diversity of views by bringing together civil servants from all ministries to debate specific issues. Tengku Azian, director of the education NKRA team at Pemandu, said, “The lab is an environment where hierarchy is set aside. We encourage participants to leave their ‘organizational hats’ outside the door. It empowers civil servants, giving them a chance to voice ideas that may have been in the works for years.” Waitchalla Suppiah, a participant in the crime lab and a civil servant in the Ministry of Home Affairs, said, “It was very unique—that the ideas came from us, the people with expertise. We were really able to express our thoughts for improvement.”

Idris had each lab group translate its initiatives and targets into quick wins that were achievable by the end of 2011, and big wins that could be achieved by the end of 2012. Lab groups also wrote detailed timelines with deadlines for the steps of each initiative. After developing clear implementation strategies, the teams presented their ideas to the ministries (the implementing authorities) and local experts. At the end of the lab, participants and ministry representatives came together to sign cooperation agreements that committed the ministries to action.

Pemandu then held town hall sessions, called “open days,” in Kuala Lumpur, Kuching and Kota Kinabalu, presenting each lab’s finding and soliciting feedback. These events “were enormous,” Suppiah said. “So many members of

the public attended, and there was so much interest and input coming from them.” More than 5,000 citizens attended in Kuala Lumpur alone.

Pemandu compiled the labs’ findings into a 260-page book, the “Government Transformation Program Roadmap,” which was released by Najib and made widely available to the public in January 2010. Idris said, “When you put the program out to the public with concrete promises and commitments, there is only one outcome: You have to deliver. There is a lot of opportunity to hide, but after declaring it in such a detailed way, you have no choice. It’s a salesman’s nightmare. You have to produce a product and deliver.”

Resetting targets and evaluating ministers

With a detailed roadmap in place, Idris turned his attention to the ministers’ evaluations, which would set the performance monitoring system rolling from the top. He found there was still work to do. The initial ministerial key performance indicators developed in the summer of 2009, before Pemandu, did not reflect priority outcomes. Idris wanted to fine-tune targets and link them to national and ministerial key results areas.

The task was not easy. “So many people came to me and said, ‘Idris, can we put out something that is glossy, that is full of words but without specific targets set out there?’” Idris recalled. To help ministers to devise better targets and plan accordingly, the Hay Group consultants recommended that ministers should have “KPI officers” to help them work out details of their key performance indicators.

The KPI officers worked with their respective ministers, other top ministry officials and Idris. KPI officers were typically mid-level managerial civil servants who had performed well in their respective ministries. Ministers or senior civil servants within ministries typically nominated younger civil servants to these

positions, which were perceived as challenging assignments.

The Public Service Department arranged training for all KPI officers, offering advice on how to coordinate people and win agreement when opinions differed. Idris and Najib negotiated heavily with the cabinet ministers and their KPI officers on how to focus and improve their targets. They encouraged ministers to align their targets with the national and ministerial key results areas. An example of a template developed to facilitate planning is illustrated by Table 2.

From November 2009 to January 2010, Najib conducted one-on-one performance reviews for ministers based on the targets each had agreed to. He did an initial assessment, reviewing ministers' preliminary indicators and developing targets further for 2010. KPI officers tracked ministers' performance on outcomes,

filling in Pemandu's template. The KPI officers met frequently with Pemandu to discuss roadblocks.

Najib decided to hold evaluations twice a year, in May-June and December-January. Idris acted as the mediator for each of these evaluations. He compiled presentations that detailed the efforts of each ministry and cabinet minister. Using the data compiled by KPI officers, the prime minister, Idris and the ministers reviewed scorecards that assigned a green, yellow or red rating to each of the minister's indicators, based on the extent to which each target was achieved. Ministers answered the prime minister's questions and the group worked together to decide on targets for the next evaluation. In a political culture where the prime minister selected cabinet ministers according to their parties' clout within the Barisan Nasional coalition, Idris' lack of political affiliation allowed

Table 2. Pemandu Template for Ministerial Key Results Areas and Ministerial Key Performance Indicators*

Example of Ministry of Energy, Green Technology and Water						
Ministry of Energy, Green Technology and Water - Y.B Datuk Peter Chin Fah Kui						
Key Result Area (KRA) / Rationale for KRA	KPI				Initiatives / support to realize MKPIs	Remarks Touch Point
	KPI Identified	2009 Target	2009 Actual	2010 Target		
1. Increase the reliability of electricity supply. Reduction in the duration of electricity supply interruptions. Rationale • To ensure the people receive reliable and uninterrupted services (electricity supply)	1.1 "SAIDI - System Average Interruption Duration Index, i.e. No of minutes of disruption per customer per year	Peninsular Malaysia: 78 min Sabah: 1,700 min	Peninsular Malaysia: 72 min Sabah: 2,870 min	Peninsular Malaysia: 60 min Sabah: 700 min	• Increase of Generation, Transmission and Distribution of electricity supply • Funding (RM 468 mil.) from MOF/EPU	• Rakyat will benefit from quality, minimised interruption of grid connected electricity supply

*From GTP annual report, March 2011².

Sabah is a state outside of Peninsular Malaysia, RM refers to Malaysian ringgit, MOF is the Ministry of Finance, EPU is the Economic Planning Unit, and rakyat means the public.

him to function as an effective interlocutor.

Acting on plans: creating a service delivery chain

To help ministries achieve targets and jointly implement initiatives detailed by the roadmap, Pemandu set up subunits for each of the six national key results areas and one unit to cover all 26 ministerial key results areas. Pemandu also created parallel delivery management offices in every ministry, focusing first on the lead ministries under each of the six national key results areas. These two organizations—the subunit at Pemandu and the corresponding delivery management office in the ministry—worked together to implement initiatives specified by the roadmap. Delivery management office members met daily and communicated closely with their counterparts in subunits at Pemandu to manage and monitor ministries' implementation of initiatives.

The delivery management offices in the ministries usually included several staffers who had attended one of the eight labs and therefore felt invested in the process and the results. The offices reported to the corresponding Pemandu team for advice and monitoring, but the ministries themselves appointed people to the offices and provided work space.

To implement initiatives that involved significant decentralization (for instance, reducing the crime rate by redeploying police officers), each delivery management office typically set up another delivery management office at the next lower tier (for example, at the state or district levels).

After the delivery management offices were created and staffed, the next task was to get the offices to function properly and coordinate their work with Pemandu subunits. "There were structural issues in the beginning," recalled Ravindran Devagunam, director in charge of Pemandu's corruption subunit. "It took time to operate cooperatively." In promoting coordination, Pemandu took pains to help civil

servants manage change themselves rather than to impose change from above.

Coordination and resolving problems

After the delivery management offices started to function, Idris organized a reporting structure to coordinate the various tiers of the system. He convened weekly problem-solving meetings of participants in each of the six national key results areas. Representatives of the implementing agencies farther down the service delivery chain attended, along with Pemandu and delivery management office staff. "These meetings were held solely to bring up problems," said Azian, director of Pemandu's education subunit. "It's a highly interactive session where we resolve roadblocks with inputs from Idris, delivery management office staff, and the division heads of the ministry. By holding it on a regular basis, decisions to resolve issues are made quickly."

Idris said, "I always believe that people actually know the solutions. The good ideas are already there, and people know these ideas, but the reason we don't move from ideas to results is because there are technical, political, administrative, process, system hurdles." The weekly problem-solving meetings allowed Idris to monitor each NKRA. In his role as facilitator, Idris negotiated divisive issues among cabinet ministers, offered suggestions and advice, and, when necessary, made difficult judgments, relying on support from the prime minister or his deputy.

Once a month, Idris and each NKRA team, delivery management office staff, and other key members of the delivery chain met with the prime minister in a delivery task force meeting. These meetings served to open lines of communication with the prime minister and to demonstrate his involvement in the effort. "By chairing the monthly delivery task force meeting," Azian said, "the PM demonstrated his support and emphasized the work's importance as a national agenda item."

The meeting structure helped maintain the momentum of activity at Pemandu and within the delivery management offices. “Everyone is being constantly chased by weekly meetings, hence, delivery is required,” said Dr. Chua Hong Teck, director of Pemandu’s low-income-households subunit. Azian agreed. “Although Pemandu engages with the ministries on a daily basis, these weekly problem-solving meetings with the higher management and monthly sessions with the PM meant that little would fall through the cracks,” she said.

Building legitimacy: the external review

In late January 2011, Najib’s government invited prominent international experts to critique the program. “We needed a look from the outside in,” Idris said. The panel included Barber from McKinsey; Michael Hershman, co-founder of Transparency International; Steven Sedgewick, the Australian Public Service commissioner; Sergei Dodzin, senior economist at the International Monetary Fund; and Ravi Balakrishnan, the IMF’s resident representative in Singapore.

The Pemandu team briefed the panel members on the entire Government Transformation Program, focusing on the key results areas. The directors of each NKRA team gave detailed presentations on their respective programs and fielded questions from the participants. After receiving the panel’s comments, the Pemandu team deliberated among themselves and prepared feedback for the prime minister, the Cabinet and Idris.

OVERCOMING OBSTACLES

Structural problems became apparent during Pemandu’s early days of operation. The clash of culture between Pemandu’s corporate operating method and the ministries’ civil servants was the most significant systemic challenge. “We were seen, initially, as an interfering agent,” said Eugene Teh, a former McKinsey consultant and

director of the crime national key results area. “Who were we to come in and tell them how to do their jobs?”

Kian Ming Ong, a lecturer and political consultant, explained, “Private sector types do things professionally, and sometimes I think it can be hard for efficient people to understand that the civil service has many people with political inclinations willing to oppose the flow, to sabotage a policy agenda. It’s a cultural disconnect.”

Issues of hierarchy and status also affected the system. Teh described his first meeting with a senior police officer, who tried to set the tone of the meeting by asking him, “So, how long have you been working in the police force, and how much experience do you have?” Teh had to make it clear that he did not have such experience and that he was there in a facilitating capacity. Many interviewees indicated that an exacerbating factor in meetings between Pemandu and ministerial staff was resentment about Pemandu’s higher salaries.

Members of delivery management offices and KPI officers faced similar challenges from the bottom looking up. As civil servants within their ministries, they walked a tightrope in working directly with Pemandu. On one hand, Pemandu’s initiatives allowed them to voice and implement their own ideas from the labs. On the other hand, they faced implementation roadblocks within their own ministries. “They had to make it look like they were with Pemandu, or with the ministry, but not of Pemandu, or of the ministry, depending on which side they talked to,” Ong said. “They had to be double agents of a sort.”

Another issue related to ministerial structure. Because the chief secretaries of ministries, typically senior civil servants, stayed in their jobs far longer than most ministers, the secretaries often had greater knowledge, connections and de facto influence than their corresponding ministers. “The longer a secretary

general has been around, the less power the minister has,” Ong said. The key performance indicator system for chief secretaries run by the Public Service Department complemented the ministerial evaluation system and alleviated this tension somewhat.

Strong support from the prime minister eased several of these obstacles. “Without that political will at the top, coordination would have been harder because there were so many priorities that strained the system at so many levels,” said D. Ravindran, director of the corruption subunit at Pemandu. Additionally, Idris’ communication system, which emphasized frequent meetings and his own role in mediating talks to solve difficult operational issues, made the system operate more smoothly as time passed. Yet, civil service buy-in remained a key obstacle.

Idris made it clear to staff at Pemandu that they were there to facilitate solutions to ministries’ problems rather than to dictate top-down changes, even though direct orders sometimes proved necessary. “Pemandu acts as a facilitator, mediating agency–ministry issues,” Azian said. “We are also their sounding board for generating and challenging ideas and problem solving. The fact remains that the ministries are the ones entrusted to deliver the targets—that civil servants are responsible for implementing initiatives. The ministries and civil servants take full credit for their hard work.” Idris described “carrots and sticks” tactics that he used at Malaysia Airlines. In one situation, Idris had to close the airline’s business lounge in Singapore to cut costs. When faced with an uproar, he made it clear that the only alternative was to close down an entire route instead. “That’s a tactic that we use a lot here,” Teh said. “The alternative often means swallowing a more bitter pill.”

Teh described negotiating tactics that he had learned by observing Idris. “In especially challenging situations, we shift to auditing the outcome instead of the process,” he said. “We

had to keep rewarding the civil servants, making it clear in initiatives that we were there to help them do the things that they had always wanted to do, but couldn’t, because, for example, the Public Service Commission has strict and difficult guidelines when requesting additional resources. We had to portray ourselves as enablers, facilitators who fly in to remove red tape.”

ASSESSING RESULTS

On the evening of 27 March 2011, Najib, Idris and the Pemandu team released their annual Government Transformation Program report to approximately 7,000 Malaysians gathered in Bukit Jalil Putra Stadium in Kuala Lumpur.³ They publicized their progress on the six national key results areas. Pemandu’s stated results were detailed and extensive, listed initiative by initiative within the key results areas. For example, reported street crime dropped within one year by 35%, and a survey conducted by Transparency International’s Global Corruption Barometer 2010 showed that 48% of Malaysians felt that the government’s efforts in fighting corruption were effective—a sharp increase from 28% in 2009.⁴ In rural areas, approximately two million people benefited from projects that provided potable drinking water, extended electrical service, built roads and restored housing.⁵

Achievements stemmed from the prime minister’s clout in making the system work, the system’s decentralized structure with management offices at each delivery tier, the linkage between ministers’ twice-yearly evaluations and their achievement on the key results areas, and Idris’ role as an intermediary and coordinator between the different levels of the system. The entire exercise “has gotten the government to become increasingly serious about evaluation, transparency and measurement,” Xavier said. Several interviewees pointed to the beginnings of a change in civil service culture and

methodology toward more clearly defined goals and measurable levels of performance and service delivery.

One of the most innovative aspects of the entire system was Idris' lab methodology, which provided operational civil servants the opportunity to voice ideas and gave them ownership of reforms. Suppiah, a former member of the crime delivery management office in the Ministry of Home Affairs, said, "It was the opportunity of a lifetime to be encouraged to think in such a way and to be given the chance to implement those ideas."

Pemandu and Idris' role within the system drew near-constant scrutiny from the public and frequent criticism from Barisan Nasional's political opposition. On one hand, the performance delivery system had achieved, on paper, significant results quickly. On the other hand, the public and the opposition increasingly questioned aspects of these results. They challenged Pemandu's budget and the capacity of the government to afford such a program. Malaysiakini, an online news site, reported that the government paid 66 million ringgit (US\$22.2 million) to consultants to initially set up Pemandu, and that Pemandu's operating budget for 2011 reached 729.4 million ringgit (\$245.1 million). The news fueled speculation and triggered an uproar among the coalition's political opposition. Idris made public statements rebutting this claim and insisted that the spending totals were heavily exaggerated. He said Pemandu's 2011 operating budget was 40 million ringgit (US\$13.5).

Other complaints focused on the quality of the data used for the system's indicators. Because of the decentralization of delivery management offices, Pemandu relied on statistics from different tiers of different ministries to compile target indices and indicators. Bias, errors and tampering could occur, depending on how frequently data changed hands before reaching Pemandu, and on how ministries collected and

compiled the information.

At one point, Pemandu engaged PricewaterhouseCoopers (PwC) to ensure that the data inputs used in reporting key performance indicators aligned with the information provided by participating ministries. The accounting and consulting firm also checked the calculations of key performance indicators against the guidelines and formulas developed by Pemandu and the former lab sessions. The firm's findings highlighted errors, which were then addressed and corrected. However, Pemandu still depended on ministries for its data. PwC suggested ways to improve reporting processes and data quality, and Idris had Pemandu sit down with the relevant ministries to consider the proposals during the next year.

Opponents also accused Najib of setting up Pemandu as a ploy to assure his own re-election. Although Najib and Idris stressed that Pemandu was a sustainable project that would continue beyond the electoral cycle, critics noted that most Pemandu employees were hired on three-year contracts. The International Performance Review Panel from January 2011 made it clear that, while Idris and Pemandu's work was commendable, the organization should focus more on civil service buy-in in the future.

"The real question," said Ismail Adam, a former director general of the civil service, "is whether Pemandu is around longer than Najib is." Ong had similar thoughts. "Right now, the entire institution is linked, very much, to Najib's name," Ong said, "and perhaps depends too much on the charisma of a single person, Idris, to hinge the entire system together. We will only know what happens at the next election, which is on or before 2013."

In September 2010, Najib, pleased with Pemandu's work on the Government Transformation Program, added a second program to its mandate: an Economic Transformation Program intended to turn Malaysia into a high-income economy by 2020,

generating revenue and creating jobs. Idris and Pemandu's purview doubled overnight, and Idris set about generating similar lab sessions to kick-start the economic program. Critics expressed concern that the original GTP might be placed on the back burner. Several members of Pemandu's team were given additional portfolios within the economic program, doubling some employees' workloads. "Najib may feel that he gets more political mileage by focusing on the economy," Ong suggested.

Later in 2010, Najib stopped attending the monthly delivery task force meetings on a regular basis, designating his deputy prime minister to run the gatherings in his stead. In response to concerns that top-level support might be waning, Idris, Koh and Najib issued several public statements emphasizing the importance of the performance monitoring system.

REFLECTIONS

To ensure their own political survival, prime ministers sometimes offer exaggerated promises of public sector reform that later evoke cynicism and disappointment. In Malaysia, however, there were two sides to the situation. On one hand, Prime Minister Najib Tun Razak's motivations were surely influenced by Barisan Nasional's poor election performance in 2008. On the other hand, Najib invested significant amounts of time getting cabinet buy-in, developing a methodology and framework for the system, and, most importantly, hiring the politically unaffiliated, respected Idris Jala to implement the system. Under Idris' guidance, Pemandu enabled the government to deliver on several of its promises.

Opposition politicians and affiliated media generally treated the entire exercise with skepticism, although many gave credit to Idris' ability to take on a mammoth task. However, at least some civil servants said they felt that the new system had changed how the government operated. They cited the lab methodology as an innovation in the Malaysian public sector that

exposed civil servants to analytical rigor and granted them voice and ownership of reforms.

On the system as a whole, Ismail Adam, a former director general of the civil service who in early 2011 was a consultant at the Hay Group, said, "I've not seen ministries, ministers, and civil servants coordinating to work so fast before. The response times were amazing—they were working like a light infantry. It amazed me. ... Ask anyone in a ministry what a big win or a quick win is, what targeting is, what key performance indicators are, and they will be able to tell you in an instant. It is a real change in the mindset, making us all more results-oriented." Eugene Teh, former McKinsey consultant and director of the crime national key results area, agreed. "The service thinks differently now," Teh said. "They think in terms of this methodology, because there is so much upper-level support for the system." John Anthony Xavier, former director of the Public Service Department's research wing, said, "Each such iteration of public service reform can be compared to the waves of the ocean which, with each gentle swash on the shore, pushes the tidal watermark even higher."

Kian Ming Ong, a lecturer and political consultant, said, "Removing distortions in the public sector is never, ever easy. Certainly, they are delivering a more structured, outcome-driven message to the *rakyat*, the public. But, for the public, how visible is a change in civil service culture? Do they really see it? We need to know more about the recipients, the humans behind the statistics."

Ong wrote "In defense of Idris Jala,"⁶ an opinion article that was published in July 2010 by *Malaysiakini*, Malaysia's largest non-government-owned media outlet. He made the case that Idris, while upstanding, charismatic and capable, had strengths that "can often be his liabilities as well, especially in the [...] world of *realpolitik*. The fact that he is different and does not come from a political background, while seen as positive in the public's eye, is seen as something negative from

some of his cabinet colleagues for precisely the same reason. The end result is that the substantive changes which Idris wants to bring about are undermined from within, sometimes from the very start, to the detriment of the morale of Idris' hardworking staff, himself and perhaps his family, and most importantly, the people who would have been the ultimate beneficiaries from the policy changes which Pemandu is trying to achieve under Idris' leadership. I sincerely hope and pray that Idris' spirit will not flag and that he will go on fighting the good fight. For the sake of the country and of the state, which he so clearly and so dearly loves."

Ramon Navaratnam, former Transport Ministry secretary general and president of Transparency International Malaysia, wrote in late March 2011 that while the first year's results "have been received like a breath of fresh air," several questions remained for the government to

address in year two.⁷ Navaratnam said those questions centered on (1) statistical accuracy, (2) whether the improvement shown by data would be felt by Malaysian citizens, (3) the sustainability of the initial encouraging results, (4) whether the system was intended as a vote-getter or as a legitimate long-term initiative, and (5) whether the government would link the system to broader problems of racial equity, religious freedom and quality of life.

Idris offered a philosophical view of his work at Pemandu. "I always believe that human beings have limited control over what happens to them," he said. "Who controls the world? Some people say it's God, others fate, and some call it luck. You can do everything and still fail because it's your destiny to do so. I think that as a leader, if my troops and I have done our best, that's all I can ask."

¹ Merdeka Center, "Peninsula Voter Opinion Polls", March and July 2008. Available at <http://www.merdeka.org/pages/02_research.html>.

² Pemandu. *Government Transformation Program Annual Report*. 27 March 2011. Available at <http://www.pemandu.gov.my/gtp/?page_id=931>.

³ "GTP membuahkan hasil." *Utusan Malaysia*, 28 March 2011.

⁴ Pemandu. *Government Transformation Program Annual Report*. 27 March 2011. Available at <http://www.pemandu.gov.my/gtp/?page_id=931>.

⁵ Pemandu. *Government Transformation Program Annual Report*. 27 March 2011. Available at <http://www.pemandu.gov.my/gtp/?page_id=931>.

⁶ Ong, Kian Ming. "In Defense of Idris Jala." 14 July 2010. *Malaysiakini*. Available at <<http://www.malaysiakini.com/news/137254>>.

⁷ Navaratnam, Ramon. "Congrats and Caution on the First GTP Report." 29 March 2011. Available at <http://cpps.org.my/sub_page.aspx?catID=542&ddlID=547>.

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