The Nature, Characteristics and Leadership of the Public Service of Malaysia

1. Introduction

Malaysia has made remarkable progress since the early 1970s when the state became the main driver of its national development. It currently has low unemployment - 2.1% - almost close to full employment (this is remarkable not only by developing countries standard but global standard). Prior to the Asian economic crisis in 1997, Malaysia had zero unemployment rates and had over 2 million foreign workers owing to labour shortage. Since the 1970s, Malaysia has transformed from a low income to a high-middle income country and by 2020, it aspires to become a high income country. In addition, it has transformed from being dependent on primary products to high valued added manufactured goods, and services. The Malaysian success story cannot be told without its public service occupying a prime place. In fact, there is a general acknowledgement in both academic and policy circles that Malaysia has a capable, career and professional public service, and that it has been one of the main sources of the capacity of the Malaysian state.

The Malaysian case is of significant interest to South Africa because both countries have some common historical backgrounds that make it imperative that the PSC look at the public service of Malaysia to draw the relevant lessons as it attempts to work

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1 This paper is largely based on the study visit by the PSC to Malaysia in March 2014. It is written by Dr. Omano Edigheji. Thanks to Ms. Nompumelelo Madonda and Ms. Dorcas Lesenyeho for transcribing the recordings of the study visit’s interviews.
towards a career, professional and capable public service. Edigheji (2012) surmised the commonalities between Malaysia and South Africa as follows:

First, they are both heterogeneous societies, in terms of religion and race/ethnicity. Second, minority race/ethnic groups dominated their economies while majority ethnic/race group dominated the politics and state institutions after independence. In the case of Malaysia, the economy and politics as well as state institutions were respectively dominated by the Chinese and indigenous Malays. In South Africa, the economy is dominated by the minority white population while the black population especially Africans dominated politics and state institutions. The domination of the economy by minority race/ethnic group resulted in high inequalities and the identification of race/ethnicity with economic functions. Third, after independence both countries politics have been dominated by one political party, parties that drawn their membership from the majority ethnic/race group. Fourth, in the light of the above, developmentalism, especially promotion of indigenous capitalist class and reduction of poverty and inequalities, have been defining feature of the Malaysian and South African states socio-economic policies. In other words, the need to promote an inclusive development is a shared characteristics of both countries. These two countries have been driven by developmentalist ideology. This means “a conscious, strategic stance taken by government to promote accelerated growth, structural transformation, social development and the repositioning of the economy in the international division of labour by consciously influencing the performance of the market” (Mhone, 2003: 39) It also means that its interventions in the economy are intended to lead to qualitative improvements in the material conditions of their citizens.

Furthermore, the Malaysian case is of particular interest to South Africa because the Malaysian state has promoted affirmative action in the public service, while still ensuring meritocracy. Therefore, South Africa could learn important lessons from Malaysia on how it has managed to build an efficient and effective/capable public service whilst promoting affirmative action. This is one of the main reasons that the PSC included Malaysia as one of the case studies. The PSC study visit to Malaysia took from March 17 – 21, 2014.

The PSC’s delegation comprised of Advocate Richard. K. Sizani (Commissioner- who was the leader of the delegation) Professor Richard Levin (Director-General), Mr. DS Mkhwanazi (Commissioner), Dr. Omano Edigheji (Chief Technical Adviser: Public Service Reforms, who also served as the Study Leader), Ms. Dorcas Lesenyeho (Deputy Director: Human Resource Best Practice), and Ms. Nompumelelo Madonda (Deputy Director: Programme Evaluations).
Like the other study visits undertaken by the PSC, our aim was to understand the nature and character of the Malaysian public service, which have been the sources of the capacity of the Malaysian state to drive its developmental agenda with remarkable success since the early 1970s. Specifically, the study visit sought to understand the sources of the technical and organisational capacities of the Malaysian state. This was the concern that guided the study visit by the delegation of the PSC. Specifically, the delegation sought to know about the Weberian attributes of the Malaysian civil service, that is, whether or not there is merit in recruitment of civil servants; and whether or not public servants have predictable career and long-term reward career paths. In addition, the delegation, sought answers to the nature of coordinating structure within government.

The Malaysian study visit is part of the project on the developmental state and its public service underpinnings that is being undertaken by the PSC. Other countries that constitute the comparative dimension of the project include Botswana, Brazil, China and Malaysia. These comparative cases will provide a lens to examine the South African public service since 1994. On the basis of the analysis, the PSC will offer policy recommendations on how to transform the South African public service to become a career, professional and capable public service that will enable it meet the needs/requirements of a developmental state. All these studies will form the basis for the PSC to produce an evidenced-based strategic framework to transform the South African public service and administration along the line of developmental state. The comparative studies and the analysis of the South African public service are therefore framed along development theory of developmental states. As a consequence, the delegation focused on the institutional dimensions that underpinned the development success of Malaysia since the early 1970s. Malaysia a low middle income country in the early 1970s would soon become a high income country, if the goals of its Vision 2020 is realised. The key question that informed the study tour is, what is the nature and characteristics of public service in Malaysia that has underpinned its social and economic transformation in the last 40 years or so?

The specific questions that guided the work of the delegation were as follows:
• What are the processes of recruitment of public servants? The aim is to know whether or not recruitment into the public service in Brazil is merit-based.

Other questions that informed the work of the delegation include,

• What are the academic qualifications of public servants (administrative and executive)?
• What academic disciplines did this officials majored?
• What are the terms of appointments?
• Are senior civil officials appointed on short-term or permanent basis?
• Is there a clearly defined career path for civil servants?
• What is the size of the public service versus the population?
• What is the political-administrative interface?
• What structures/organisations exist for government to coordinate its policies and programmes?
• What is the relationship between the state and non-state actors?

Like other reports of the comparative cases, this report is not intended to evaluate the Malaysian public service but to produce a report of the study tour based on responses from the interviewees made up of senior and top public servants drawn from key ministries and agencies. These included key agencies in the prime minister’s office, namely, the Economic Planning Unit (EPU), Implementation Coordination Unit (ICU) and PEMANDU². The delegation also interviewed senior officials in the Public Service Department and the Public Service Commission of Malaysia. In addition, the PSC’s delegation interviewed top of officials of institutions responsible for training of civil servants, namely: the National Institute of Public Administration (INTAN) and the Razak School of Government, the latter only trains top echelon civil servants.

The purpose of this report is not to demonstrate the links between the nature, characteristics and leadership of the Malaysian civil service to the country’s

² These are three of the 66 agencies under the office of the Prime Minister, with four cabinet ministers.
development performance but to offer a description of the of the civil service. The impacts of inclusive economic and political institutions to social and economic development have been well documented in scholarly and policy work; include the empirical work by Peter Evans and James Rauch (1997) and Edigheji (2007). The task of this report is only to highlight the nature and characteristics of the Malaysian state, with specific reference to the public service, without necessarily demonstrating the links to development performance (although some of such links are implicit in the report).

Like the other comparative reports, there will be no attribution to specific interviewees, which is among others intended to maintain confidentiality. But, we might refer to institutional affiliation of interviewees. This way, the reader will have a sense of the institutional location of individuals that were interviewed. The interviews were in a seminar form, where the delegation introduced itself, explained the purpose of the study visit and proceeded to frame the questions\(^3\). Thereafter, the interviewees responded to the questions, some in the form of PowerPoint presentations. In the course of the presentations and responses, the PSC’s delegation asked range of specific questions for clarifications or as follow-ups.

Where necessary, the interviews by the delegation have been complemented by secondary materials.

Like Brazil, Malaysia is a federation with three levels of government, namely federal, states and municipalities. And like the Brazilian case study report, this report on the Malaysian case focussed on the federal civil service. This in part is because the interviewees are senior and top public servants of the federal government, and therefore provided responses to which they have firsthand knowledge and experience.

As we noted in the report of the study tour to Brazil, the focus on national level government falls squarely within most work on developmental states, since most of the analyses are at the national level government. In spite of this focus, the PSC should be able to draw relevant lessons for the public service in South Africa (national and provincial public service) on the nature and characteristics of the public service, as well

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\(^3\) The delegation sent the questionnaires before hand to enable our hosts prepare in advance as well as to select officials to engage with the PSC’s delegation.
as its leadership, in order to enhance the organisational and technical capacities of the South African state in general and the public service in particular.

The subsequent sections of this report address some of the key features of the Malaysian public service.

2. Creating a career, competent and professional public service in Malaysia: A background

The attempt to build a professional, competent and career public service in Malaysia dates back to British colonial rule. Fortunately for Malaysia, it has been blessed with highly nationalistic and patriotic political leaders who have ensured that the Weberian attributes of the state was not only maintained but strengthened. This is because they recognised the importance of a capable public service as central to the realisation of their goals of transforming both the social and economic structures of Malaysia. These factors have given rise to what is today recognised as a career, professional, technocratic and capable public service in Malaysia. Therefore Malaysia, since its independence in 1957, the Malaysian state has ensured that technocrats are appointed into the public service. Appointments are primarily based on merits rather than political affiliations.

2.1 The size of the public service of Malaysia

There are 1.4million public servants in Malaysia. These include at federal and states levels, as well as public agencies or state-owned enterprises (about 700 SOEs). They also include about 400,000 teachers, 300,000 health workers, 125,000 police force and 100,000 military personnel. 1,340007 of the 1.4m civil servants are at the federal level. This suggests that most civil servants in Malaysia work at the national level.

2.2. Percentage of Civil Servants with Four-year degrees

More than 50% of public servants in Malaysia have four years degrees and above. The entrance qualification for Administrative and Diplomatic corps is a four years degree, starting at Grade 41. The same qualification is required for all senior managers in the
public service – senior managers are considered as policy makers. For middle management positions, the qualification is a diploma and for lower positions, candidates must have a school leaving certificate. According to a top official of the Public Service Department, most top civil servants in Malaysia have Masters or Doctorate Degrees in areas of strategic management and economics.

To meet the demands of a changing society, the in-service training of senior and top public servants is increasing focusing on areas such as innovation, future thinking, communication and so on.

3. Recruitment into the Malaysian Public Service

Malaysia has a long history of recruiting public servants through a transparent, open competitive entrance examination. This entrance examination is administered by a centralised and independent body, known as the Public Service Commission (PSC)\(^4\), established at independent, 31\(^{st}\) August 1957. The PSC is also responsible for confirmation of appointments, placement on permanent or pensionable establishment, promotion, transfer and discipline of federal civil servants and states under its jurisdiction. The Commission disciplinary power is limited to only top management, managerial and professional groups. Disciplinary procedures of all other categories of civil servants are handled by their respective ministries/departments.

The entry requirement into professional and management level positions (entry point of Grade 41), is a university degree (four year degree, equivalent to an Honours in South Africa). The Diplomatic and Administrative corp of the public service belongs to this group. This is the elite group of the Malaysian public service.

\(^4\) There are other appointing authorities such as The Armed Forces Council (for the military), the Judicial Legal Council for appointment legal officers, etc. The Public Service Commission is currently made up of nine commissioners, who are retired senior civil servants at the level of Permanent Secretary (equivalent of DG in South Africa). They earn about $6000 a month, in addition to their pensions. Commissioners of the PSC are not allowed to hold for profit position. Though there was an attempt to recruit commissioners from the private sector, this failed because of the requirement that they will not be allowed to hold for profit positions.
The PSC advertised positions in newspapers on its website. Previously, a candidate can apply for only five positions. Accumulative Point Average (CGPA) score or academic qualification was the main criteria in selecting candidates for interviews. But with recent reforms introduced in 2009 by the PSC, known as *MyRecruitment Model*, a candidate can apply for as many positions as s/he wants. Applications can be done online, seven days a week throughout the year. To apply, candidate has to register with the PSC online. Previously, the registration was valid for one year. However, since 2009, a candidate registration is valid for five years.

There are three stages of the recruitment, namely Entrance Examination, Competency Assessment and Interview are indicated in Figure 1 below:

![MyRecruitment Model](image)

*Figure 1: MyRecruitment Model*

*Entrance Examination*
The entrance examination is the first stage of the recruitment process; and it takes 90 minutes to complete. It has three components. The first component is the *written test* with the following elements:

- General knowledge
- Problem solving
- Comprehension
- Essay
- Knowledge on the job scheme
- Psychological test

The second component is *talent test* with the following elements:

- Music
- Design
- Photography
- Acting
- Dancing
- Drawing

The third element of the entrance examination is *physical test* with focus on the following elements:

- Vision
- Body Mass Index (BMI)
- Chest
- Voice Test

As noted earlier, the entrance examination is centralised under the PSC. Passing the entrance examination is compulsory for recruitment into the Malaysian public service.

PSC’s staff conducts weekly preparatory courses for candidates who want to take the entrance examination and the interviews. Thus like, Brazil, there are preparatory
courses for recruitment into the Malaysian public service. But in this case, these courses are facilitated by a centralised body, the PSC.

It is important to note that the PSC takes various steps to encourage candidates to apply for public service posts. These include organising fairs in schools, universities and communities. It also engages NGOs to assist it to encourage citizens to apply. These initiatives have resulted in increased numbers of applicants to public service posts. In fact, there has been an astronomic increase in the number of applications, which increased from 1,085,877 in 2012 to 2,120,136 in 2013, which represents 95.24% increase.

**Competency Assessment**

Those who passed the examination move to the second stage of the recruitment process, competency assessment. This is normally a two days evaluation. The evaluation focussed on a range of skills, namely: psychological test, leadership skills, communication skills, team work, public speaking (including good command of English) and interpersonal skills, and so on. The competency assessment enables the PSC to determine the best candidates to be called for interviews.

**Interviews**

Those who are successful in the competency assessment move to the third stage, interviews. The interviews are based on the Competency Based Interview (CBI) that has 9 elements. These include integrity, speed, productivity, creativity, innovation, loyalty and openness. The interview is the stage where panels make determination of the candidates to be recruited. The PSC has 14 interview centres located in various parts of the country.

Interview panel/board is chaired by a Commissioner of the PSC with representatives from the Ministry/Department. During interviews, the PSC Commissioners will ask the generic questions relating to the positions (questions on integrity, communication and facilitation skills), while the representative of ministry/department will ask questions on the technical aspects of the position. Decisions of interviews panel are final.
In some cases, however, the PSC might delegate interviews to ministries/departments. However, in such instances, the panel makes recommendations to the PSC who will make the final decision of the candidates to be recruited. The Commission is constitutionally mandated to be responsible for recruitment into the public service and the recruitment process is such that it enables the PSC to recruit the best candidates to fill vacant posts.

Interviewees report that there is very little political interference in the recruitment process, and merit seems to be the main criteria. Qualifications and competency are the key factors for appointment into the Malaysian public service. Some of the qualities that determines appointments into the public service, especially senior management positions include academic qualifications, problem solving skills, communication skills, technical skills, innovation, loyalty, openness, and so on. The recruitment exercise is therefore merit-based. It is not dependent on considerations other than qualifications and competency.

In general, the recruitment process into the Malaysian public service is highly competitive. As an example, in 2013, the Commission received about 130,000 applications for the category of Administrative and Diplomatic cadres. Of these less than half, 68,000 had the minimum qualifications of a four year degree and were called for the entrance examination. 6000 of these passed the examination and had to go through the competence and interview stages. This means that less than 10% of the candidates passed the entrance examination. The final number of candidates recruited were fewer than the 6000 who passed the entrance examination. With respect to entry level 41 (that is junior managers and professionals), about 2000 are employed every year.

Table 1: Numbers of applications, shortlisted candidates, candidates who attended interviews and recruitment for permanent and temporary positions, 2012 - 2013.
<table>
<thead>
<tr>
<th>Year</th>
<th>Statues</th>
<th>Number of Applications</th>
<th>Number of Candidates</th>
<th>Number of Candidates who attended interviews</th>
<th>Number of Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Permanent</td>
<td>1,074,647</td>
<td>153,497</td>
<td>116,963</td>
<td>36,105</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td>11,230</td>
<td>11,230</td>
<td>11,230</td>
<td>11,230</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,085,877</td>
<td>164,727</td>
<td>128,193</td>
<td>47,335</td>
</tr>
<tr>
<td>2013</td>
<td>Permanent</td>
<td>2,098,736</td>
<td>241,511</td>
<td>163,162</td>
<td>38,659</td>
</tr>
<tr>
<td></td>
<td>Contract</td>
<td>21,400</td>
<td>21,400</td>
<td>21,400</td>
<td>21,400</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2,120,136</td>
<td>262,911</td>
<td>184,562</td>
<td>60,059</td>
</tr>
</tbody>
</table>

**Source:** Public Service Commission, Malaysia, 2013

Table 1 shows that 23.5%, that is 36,105 of the 153,497 candidates who applied for permanent posts were employed in 2012. Similarly, only 16% of candidates who applied for permanent positions in 2013 were subsequently employed. These points to the fact that appointment into the Malaysian public service is through highly competitive process.

As shown in Table 2, the number of appointment into the entry level of professional/senior management is very low. Only 23.3%, that is 7,706, employed in 2012 are at the professional/senior management level.

**Table 2: Number of Recruitments According to Positions 2012 - 2013**

<table>
<thead>
<tr>
<th>Statues</th>
<th>Positions</th>
<th>Number of Recruitment (2012)</th>
<th>Number of Recruitment (2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>Professional/senior management</td>
<td>7,706</td>
<td>7,706</td>
</tr>
<tr>
<td>Professionals (Senior Management)</td>
<td>7,706</td>
<td>8,909</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Supportive I (Middle Management)</td>
<td>10,594</td>
<td>12,660</td>
<td></td>
</tr>
<tr>
<td>Supportive II (SPM, PMR)</td>
<td>17,805</td>
<td>17,090</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36,105</td>
<td>38,659</td>
<td></td>
</tr>
</tbody>
</table>

**Source**: Public Service Commission, Malaysia, 2013.

Prior to be posted to a ministry, new appointees are sent to a nine months training at INTAN where they obtain a diploma in Public Administration. The period for this training has been reduced to six months. Currently, newly appointed civil servants spend their first six months at INTAN to obtain a diploma before their first posting.

As generalists, such as those in the Administrative and Diplomatic cadre are not recruited into one ministry. In their first ten years of their appointments as public service, they are transferred from one ministry to another, spending an average of two years in each ministry. The logic is that departments in Malaysia are not autonomous and therefore officers recruited into a particular scheme and service are transferable to any departments within their cluster. This gives public servants considerable knowledge and experience of how the government works. Therefore after ten years, they are no longer generalists but experts. From then onward, they stay in one ministry as subject matter experts. This process enables Malaysian civil servants to work across ministries and thus help to break a culture of “silos” that characterised a number of developing countries.

4. **Promotion and Career Paths for Civil Servants**

Malaysia has a career and professional public service, and bureaucrats have predictable career path based on experience and performance. They are appointed on
permanent basis – until retirement, an inheritance from British colonial rule. Thus as a traditional public service, Malaysian public servants have security of tenure; a career civil servant cannot be easily fired. Career public servants undergo a three years probation period. Once confirmed, appointment is until retirement, and appointee can aspire to the highest office in the service or scheme. Like most developmental states, change of governments does not affect the job security of public servants – they are career and professional civil servants whose tenure is not tied to a government. The entry age into the public service is 25 years and retirement age was 65 years until recently when it was reduced to 60 years. Like in other developmental states, the “core” public servants are generalists.

Vacancies in the public service, except at entry point, are not open to outsiders. Promotion is based on seniority and performance. Vacant positions are filled from a pool of internal candidates drawn from the immediate rank/grade below, which is made possible because there is a central record at Public Service Department for all public servants with their performance appraisals. It takes between 5 – 8 years to be promoted from one position to another.

It is important to note that a number of vacancies are filled at the same time. One vacancy is not enough to trigger promotion in the Malaysian public service, and candidates do not have to come from the particular department for which the position is vacant – candidates are drawn from the “Common Users’ Scheme”. As an example, the PSD is the Heads of Service for the Administrative and Diplomatic cadre. And where there is a vacancy in this category, the PSD through its Service Division, will look through its records to check for the most suitable candidates for the position. These candidates are drawn from all departments that it serviced.

Where there are a number of qualified candidates for the same position, they will have to go through interviews and the best is chosen to fill the vacant post. At times, they go through competitive promotion examination. As noted earlier, these positions are not opened to outside candidates.
Promotion in the Malaysian public service is based on qualifications, seniority, performance and experience. To be considered for promotion, a candidate will have at least three years performance appraisals and must have scored 85% and above in each year. In addition, candidates for promotion are screened by the PSC. It is checked with the Anti-Corruption Commission for corrupt activities. It also screened candidates for whether or not they are insolvent, as well as their citizenship status. Those who failed this screening will not be promoted.

For senior and top management position, candidates would have undergone one-month training at the National School of Public Administration (INTAN) and must have an average score of 75% and above to be promoted. To be promoted from the highest rank of the lowest management level to the Grade 52 to that of the middle management level, Grade 54, also known as JUSA C, a candidate must pass a one month leadership programme, known as the Advanced Management Leadership Programme (AMLP) offered by INTAN. Note that JUSA C is the lowest of the middle management level, followed by JUSA B and the highest being JUSA A. To be confirmed for the position of JUSA C, a candidate must pass a one month management examination administered by INTAN. A candidate that failed the confirmation examination is reverted back to his/her previous position. There are about 1500 public servants at the JUSA level. Those in this category undertake Senior Leadership Training at INTAN.

The points above show that attending and passing compulsory training courses are key requirements for promotion. It is interesting to note that the training of public servants in Malaysia is systematically planned. The system is such that those due for promotion are sent for training ahead of time to equip them with competencies required to perform in the new positions. Incumbents are also sent for training to acquire the skills and knowledge to effectively function in their tasks. In particular, the Razak School of Government training is aimed at enhancing the leadership management skills and policy-making and analysis skills of top managers of the public service, while those of INTAN focussed on the low to middle management level. PSD nominates those who attend the courses at the Razak School of Government.
The training programmes are paid for by government. As an example, both INTAN and the Razak School of Government\(^5\), the latter that caters for the training of the top most level of public servants, are fully funded by government. They have their annual allocations in the national budget. These public service training institutions are therefore not run on a cost-recovery model. It is important to note that because Malaysia has a career public service, there is no fear by government of losing public servants trained to the public servants. On their part, public servants do not see their trainings as opportunities to job-hop to the private sector. This is because as technocrats and career civil servants, further training offers them opportunities for promotion to higher positions. Thus the investment on the training by government is a win-win situation both for the state and public servants.

The training offers to public service leadership highlights the competences required of them. These include the following:

- Ethics (this is offered by INTAN to those on Grades 41 – 54 – low management level)
- Political Economy of Malaysia. Emphasis here includes development, multiculturalism and federalism.
- Broad national development vision and plan.
- A course on patriotism is being introduced by INTAN.
- Productivity and Creativity

Table 3 highlights other competences required of public service leadership in Malaysia.

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\(^5\) The School is a Company Limited by Guarantee with its own Board of Trustees. Key Members of the Board include the three wise men referred to earlier. There also private sector actors in the board. It has a CEO who was previously a Professor.
In addition to the above, the top managers of the public service of Malaysia are required to have the following competences:

1. **Policy Leadership and Strategic Change**: This entails ability to lead policy action to bring about change; understanding of policy development in public service; and ability to lead and manage teams.

2. **Professional judgement and problem solving**: This includes abilities to manage crisis; ability to take risk and innovative thinking; and ability to engage and influence stakeholders.

3. **Executive Leadership**: This includes being ambitious to success in life and professionally and to create and influence boundaryless organisations.

**Source**: Razak School of Government, 2014.
4. **Branding the nation**: This includes abilities for innovative public/private service delivery and ability to network with top leaders in ministries, agencies and the private sector.

5. **Dialogue leadership**: This includes abilities to engage and facilitate dialogues at strategic level to influence development agenda and to resolve conflicts.

6. **Leadership, Power and Influence**: These include ability to forge strategic relationships and to effectively delegate responsibilities.

These leadership attributes of top administrative leaders of Malaysian public service are captured in Figure 1 below:

**Figure 2: Competences of Administrative Leaders in the Malaysian Public Service.**

Promotion is centralised in the Public Service Promotion Board (PSPB) overseen by the PSC. It is responsible for the promotion of all officials except Grade 16 and below in the Support Group. Thus the promotion of all officials in the Diplomatic and Administrative corps is handled by the PSPB. It has six members, who are the top echelon of the
public service, namely: Chief Secretary to the Government (also seen as Head of Service is the top most position in the public service), Director General of Public Service Department, Secretary General of the Treasury, Director General of Health, Director-General of Public Works and Secretary General of the Ministry of Foreign Affairs.

Promotion to the position of Director-Generals is undertaken by the three wise men, namely the Chief Secretary to the Government, the Director General of the Public Service Department (second top most position) and the Director-General of the Ministry of Finance. They constitute the promotion panel for position of Director-Generals. It is also responsible for promotion of Grade 54 and above. This process is coordinated by the Public Service Department. Years of experience is a key factor for appointment as Director-General, and one would have served at both national, state, district levels and other central agencies. As an example, the current Director-General of the Public Service Department has about 15 years working experience in the Department and several years in other Departments and agencies both at national, state and district levels. This type of experience gives potential DGs to have a sense of the strategic direction of government’s development agenda. Ultimately however, DGs are appointed by the King on the advice of the Prime Minister.

There are three categories of DGs. The most senior level of DGs is known as T1. There are only two in this level, the DG of the Public Service Department and the DG of Treasury. The Chief Secretary to the Government is above the T1 level. The next level of Secretary Generals and DGs is T2. There are currently only two DGs in this category, namely: DGs of the two big departments, which are those of Education and Health. The lowest level of DGs is T3. The DG of the Economic Planning Unit in the Prime Minister Department belongs to this category. These three categories of DGs have different status and on different salary scales. More important, it reflects seniority. Those in T1 are the most senior of the DGs. All of these DGs are referred to as the premium level civil servants.

Like Mauritius, some departments, such as Department of Education, have two heads, namely Secretary-General, who is responsible for Administration and the Director-
General who is responsible for the technical aspect. However, unlike in Mauritius, the Secretary-General is not senior to the DG. They are both at the rank of T2.

Although, it is not a requirement, PSC consults informally with Ministers about the transfer of DGs to their Departments. General-Secretaries and DGs have to be acceptable to ministers of departments where they are being posted. Although rarely the case, where there are conflicts between a minister and a Secretary-General or DG, the latter is transferred to another department or its parent department, the Public Service Department.

5. Compensation: rewarding careers for civil servants

Like in Brazil, Malaysian public servants are relatively well-paid. They have an attractive salary package at the entry level, higher than those of their counterparts in the private sector.

These high salaries of civil servants at the entry level, coupled with the retirement benefits and life-long careers are some of the factors contributing to the attraction and retention of some of the best and brightest talents into the civil service. In addition, opportunities for further training, even up to a doctorate level, constitute additional incentives to attract and retain some of the best and brightest graduates into the public service, coupled with the fact that top bureaucrats command enormous respect in society.

However, more recently, the new generation graduates opt for the private sector because they consider the rise in the public service as too slow. In effect, they believe that the private sector offers rapid upward mobility than the public sector. In addition, the young generation graduates believe that they have more options in the private sector. This is posing a challenge for the latter to attract some of the best graduates, especially from private universities into the service. Inspite of this, for graduates of public universities, the public service remain career of choice.
6. Political – Administrative Interface

There is generally good working relationship between ministers and Secretary-Generals (SG) or Director-Generals (DG) of their departments. Most interviewees informed the PSC’s delegation that there are hardly cases where the head of the administrative leadership in departments resigned because of conflicts with ministers.

The good working relationship between the political and administrative heads is attributed to a number of factors. First, ministers have no hands in the appointments of Secretary-Generals and DGSs. These levels of bureaucrats are career bureaucrats and appointed by the King on the recommendation of the Prime Minister. At best ministers are consulted informally in the appointment of SGs or DGs to check of a prospective candidate is suitable to them. But even in this, the eventual candidate will be within the pool of top career civil servants submitted by the Public Service Department. The loyalty of SGs and DGs is therefore to the King (and not ministers) who is seen as the custodian of the state. Also, ministers can hardly cause a Secretary-General or DG to be fired. The worse scenario is that where there are serious disagreements between the political head and administrative head, the latter is transferred to the PSD.

Second, there is a clear division of labour between ministers and SGs/DGs. As a top official of the Implementation Coordinating Unit in the Prime Minister’s Department puts it, ministers set the strategic direction for their department while SGs and DGs are the movers of policy. The point also made by the DG of the EPU that her Minister has no hand in the approval of development projects but is only informed of such is illustrative of the clear demarcation of roles between political and administrative leadership of Malaysian public service. This is not to suggest that political leaders, including ministers, have no policy role. In fact ministers set the broad development framework including the national development vision and the five years national plans. There is a buy-in of this broad agenda by top bureaucrats, who then become major actors in the policy process as they devise the policy tools to achieve set development goals of the political class.
Third, SGs and DGs do not sign their performance agreements with ministers. As an example, the SGs and DGs who belong to the Administrative and Diplomatic cadre sign their performance agreements with the DG of the PSD, the second top most bureaucrat in the country. This helps to reduce tension between ministers and top administrative leaders in the public service.

7. Coordinating structures in government – enhancing the organisational capacity of the state

One of the main sources of capacity of the Malaysian state is its ability to coordinate government policies and programmes across departments. Because of this emphasis, there are 66 agencies in the Prime Minister’s Department, with the pre-eminent being the Economic Planning Unit (EPU) established in 1961, the focus of this section.

Until the year 2000, the EPU reports directly to the Prime Minister, who is the head of government. However, since then, the EPU has its own minister. The Prime Minister has always appointed technocrats as the Minister of EPU.

The main responsibilities of the EPU are to formulate policies and strategies for social and economic development. Consequently, it plays a pre-eminent role in national development planning. Malaysia has long term planning in forms of the national vision (e.g Vision 2020, covering 1991 – 2020) and plans (10 years plans), medium term planning (5 years development plans). Since 1956, Malaysian has adopted 10-five years’ medium term development plans. And by the 11th development plans, which will commenced in 2015, it is hoped that Malaysia will become a high income country. Malaysian short-term planning is meant to implement policy, strategies, programmes and projects. These include the annual budgets. The Malaysian budgets are meant to actualise both the long term national visions and medium term development plans. The EPU is the custodian of this – it ensures that national budgets are in accordance with national visions and medium term development plans.
Since the early 1970s, Malaysian development planning has seven objectives, namely:

- Enhance standard of living of people
- Improve distribution of income
- Develop economic sector
- Reduce unemployment rate
- Achieve price and currency stability
- Ensure fiscal sustainability
- Achieve strong balance of payment position.

The EPU is entrusted with the responsibility of coming up with plans, strategies, programmes and projects to ensure that these objectives are achieved. Its coordinating role placed it as the super-ministry within Malaysian state institutional architecture. Indeed, one of the hallmarks of Malaysia since 1956 when it attained independence is that it has consistently adopted development planning and has established state institutions to drive the development process. In addition, the Malaysian state has been meticulous in its institutional design. As an interviewee told the PSC delegation with regard to the EPU, the EPU structure and core role have not changed much since its establishment. If there are any change at all, is that it has been entrusted with new functions.

The EPU is not a consultative council, it is a government department staffed by government officials on a full-time basis. However, it serves as the secretariat of the main national consultative body, the Economic Council chaired by the Prime Minister. It is also the secretariat for the Inter-Agency Planning Group. And to highlight the extensiveness of planning it undertakes, there are currently 46 Working Groups on the 11th Development Plan (2015 – 2020). These groups are composed of government officials, individuals (invited based on their knowledge and experience) and representatives of organised groups such as Chambers of Commerce and Industry. It takes up to one and half year to formulate a five-year
development plan because of the research and consultations required, with the EPU coordinating the process.

The EPU approves development projects before the Ministry of Finance can allocate funds. Unless the EPU approves a project, the Ministry of Finance cannot allocate funds to such project. In effect, the EPU is responsible for the approval of development expenditure before presentation to parliament for formal approval. Its role is to ensure that projects are in accordance with the National Development Vision and National Development Plan. In effect, the Ministry of Finance does not decide which projects to fund. This role is the exclusive preserve of the EPU! It is important to elaborate on this point further to give a sense to the reader. Each year, ministries submit the projects they want to fund for approval by the end of March each year. Then the EPU, Ministry of Finance and the Public Service Department will seat together to examine the projects. Under the leadership of the EPU, they will invite each ministry to meetings to justify their projects in relation with the National Vision and National Development Plan. Thereafter, they will request each ministry to prioritise. Once that is done, the EPU decides how many development projects it will approve for each ministry. It is only once such approval is done by the EPU that the Ministry of Finance allocates funds. An interesting aspect of this is that it is bureaucrats that do the actual approval – they determine which development projects are approved. They tabledd approved projects to the Minister of the EPU for information purposes because it is only the Prime Minister that has authority over approval of projects. The Minister mainly makes inputs at the level of formulation of the ten years and five years plans.

The Ministry of Finance then allocates funds and table them to parliament for formal approval in the form of the annual national budget. It suffice to say that parliament have never rejected budgets tabled before it. This speaks to the fact the bureaucrats are one of the main drivers of Malaysian national development agenda – they have considerable leeway in the approval of development projects and allocation of funds without much interference by ministers. Where political leaders have considerable
influence is the articulation and formulation of national visions. They set the broad development framework under which the bureaucrats in the EPU formulate development policies, strategies, programmes and projects to actualise them.

The Unit also now assist ministries with development of implementation strategies, which among others have helped to reduce a culture of “silos”. Also, it is responsible for monitoring Key Performance Indicators (KPIs) of ministries in the economic cluster.

The EPU is staffed with the elite corps of the bureaucracy. Its staff belongs to the Diplomatic and Administrative cadre, recruited through competitive entrance examination. They are not recruited directly to the EPU but within the general pool of the Diplomatic and Administrative cadre. Entry requirement for this group of civil servants is a four-year honours degree. They would have spent a minimum of ten years in other ministries before being posted to the EPU and therefore have become subject matter experts by the time.

In the context of a professional and career public service, the leadership of the EPU have more than twenty years experience. Seniority and passing an examination at 85% and above at INTAN are key requirements for promotion. In fact, to become its DG, one would have spent about 25 - 30 years in service and must have worked in several ministries – this is referred to as the premium level in the civil service. As a consequence, the DG in particular and top managers of the EPU have extensive knowledge of the working of government in general and the public service in particular.

The EPU has a staff complements of 330 staff – all graduates with a four year degree. Of these, 50% have Masters degrees, and between 15-20% are PhD-holders. The main academic backgrounds of EPU’s staff are Economics (most with economic background at postgraduate level), Business Administration (MBA) and

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6 There are only about 2000 officials at the premium level in the entire public service.
law. And because the EPU is responsible for approval of development projects, some of its staff has engineering backgrounds (engineers, architects, and quantity surveyors) – they vet the cost of projects before the Ministry of Finance allocates funds to them. Those with engineering backgrounds staffed the Project Management Section of the unit. All EPU’s staff, like all those in the Administrative and Diplomatic cadre had undertaken the compulsory professional one year (now 6 months) training at INTAN, where they obtained a diploma in public administration at the beginning of their careers before being posted to ministries.

In general, EPU staff has been able to play a key role in national development because they possess the following key competences:

- Knowledge of the political economy
- Professional background
- Education qualifications
- Project management skills
- Research background
- Ability to facilitate and engage with multi-stakeholders
- Ability to engage with political leaders
- Understanding of government processes and ability to work across ministries and agencies.
- Regular training (in a year a senior manager of the EPU must undertake a minimum of seven days training.
- Coaching and mentorship.

The EPU has been able to retain its staff due to a number of incentives mechanisms. This includes the following:

- EPU has enormous influence in government and national development process. As such, its staff is highly respected in government and society.
- Top managers of the EPU on retirement are highly sought after by SOEs as chairperson and directors, as well as by the private sector. Some retired top civil servants of the Unit are appointed as directors of the Central Bank of
Malaysia. The DG of the EPU observed that most of her predecessors are chairpersons and directors in SOEs and private companies.

- It provides opportunities for further training (at home and abroad) to its staff to improve their knowledge and skills, including to acquire higher education qualifications, even to PhD level.
- Cross-fertilisation whereby bureaucrats are permitted to go and work in the private sector and then return to the public service also contribute to the retention of talented staff in the EPU. This process is centrally managed by the Public Service Department.
- Security of tenure and a pension scheme that enabled retired civil servants to be paid for the rest of their life serve as important incentives not only for EPU staff but all civil servants in Malaysia.

Senior and top managers of the Unit earn less than their counterparts in the private sector. However, they are attracted to the Unit because of the aforementioned incentives, amongst others.

It is worthy to note that the DG of the EPU signs her Performance Contract with the Public Service Department (PSD), and not with the Minister overseeing the Unit. Also, she has a 360 degree evaluation coordinated by PSD which among others involves the Minister and her peers. This gives the DG considerable leeway and independence in managing the Unit because her performance results are not dependent only on the Minister. It thus reduces the risk of victimisation when she disagrees with her minister.

8. Conclusion: Major features of the public service of Malaysia

The above narrative points to the fact that Malaysia has a professional, career and capable public service. The following are some of the key features of the Malaysian public service.

**Meritocratic recruitment**

Public servants are technocrats appointed based on their technical expertise, rather than political or primordial considerations. There is little political influence in the
appointment of public servants. Besides special advisers to Ministers, there are no political appointees in the Malaysian public service.

Appointment into the service is through competitive entrance examination that is administered by an independent body, the Public Service Commission, whose commissioners are retired Secretary-Generals and DGs.

The key criteria for appointments are education qualifications and competency. Upon appointment, civil servants spend the first 9 months (now 6 months) on training at the National School of Public Administration (INTAN) to obtain a diploma in Public Administration. It is only after that s/he is posted to her/his first assignment.

**Transferability of public servants**

Because Malaysian public servants are generalists, they are transferable to departments within their schemes or service. In effect, their appointments are not linked to a department, hence in the first ten years of appointment a public servant is posted to several department for an average of two years. The transfers can also be to federal agencies, states and to districts. After the first ten years, they will remain in one department having become subject experts. This transfer process gives them considerable knowledge of the working of government. It also equipped them to work across departments, making coordination relatively easier.

**Predictability of Career path and Promotion**

Malaysian public servants have predictable career path. They appointed on permanent basis and have security of tenure – appointment is until retirement. Once appointed, they can hardly be fired and their tenure is not linked to government as they are career bureaucrats.

Promotion is based on seniority, experience, competence and qualifications. In some instances, candidates have to take competitive promotion examination. This transparent and open process makes it such that any career public servant can aspire to the highest
position in the service. A public servant spend an average of 5-8 years in one position before being promoted. There is a centralised promotion board made up of the three wisemen but coordinated by the PSC in collaboration with PSD.

To be confirmed for their new positions, middle and senior managers have to pass a confirmation examination administered by INTAN.

Career path of senior Malaysian civil servants, especially the Administrative and Diplomatic cadre, extends beyond their tenure. Upon retirement, they take upon positions in SOEs and even the private sector.

Coordinating structures

Malaysian has a number of coordinating structures within government, which are located in the Prime Minister's Department. The most prominent of these is the Economic Planning Unit (EPU) that is responsible for development projects. The EPU is staffed by technocrats, majority of whom have masters degrees and above in areas such as economics, management, and so on.

Administrative – Political Interface

There is generally cordial working relationship between ministers and their administrative heads. This is due to a number of factors, including the following: First, there is a clear division of labour between them. Ministers are responsible for setting overall policy direction for their departments, while the administrative heads are responsible for devising the policy tools to achieve the development goals of their principals. Also, ministers are not responsible for personnel issues – they play no role in the appointment and deployment of staff to their departments. This is the responsible of the top most civil servants in the country. Second, as noted earlier, Secretary-Generals and DGs in the Administrative and Diplomatic cadre are responsible to the DG of PSD with whom they sign their performance contract. Relatedly, Secretary-Generals and DGs have a 360 performance appraisal, which involves the minister and their peers.

Three Categories of Administrative Heads
Besides the Secretary to the Government, who is the Secretary to Cabinet, there are three categories of Secretary-Generals and DGs, with different status and salary scales. These are T1, T2, and T3, with T1 being the most senior.

A related point here is that some departments have two administrative heads, one responsible for administration, the other for technical aspect of the department.

**Competent Administrative Leadership**

Malaysian managers are relatively competent based on their education qualifications – they are generally highly qualified; they have strong knowledge of Malaysian political economy and government development vision. They are also loyal to the government of the day. Their other attributes include abilities to lead self, others and organisations; and communication skills, policy-making skills, problem solving skills, networking skills and dialogues skills, as well as innovative thinking and creativity. In addition, they are patriotic.

These competences are acquired through a process of training and retraining. Not only do the Malaysian government offers scholarships to public servants to study even to doctorate level, but it also established two institutions, INTAN and the Razak School of Government to train public servants. These two institutions are not run on a cost-recovery model. They are fully funded by the state through their annual allocations in the national budget.

9. **References**


Public Service Commission, Malaysia (2013) Data provided by the Commission