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Reforming the Civil Service: As Critical as it is Challenging

By **Tony Yeoh** (Research Fellow, Penang Institute)

Abstract: Post-pandemic, many governments have been reeling from huge budget deficits, wrestling with inflation, and navigating an uncertain geopolitical landscape. Under a democratic form of government, people entertained the false sense of power that they are able every few years to change governments for failed policies by voting out one set of political leaders for another. Over time, this notion grows thin. While political leaders may lead the executive branch of government, there is an entrenched force that they rely on for advice, and for execution of policies. This unelected, untouchable, unseen and unaccountable force is the civil bureaucracy that can outlast the rotation of political leaders. In theory, the civil service serves the government of the day and must be neutral, impartial and objective. Not to mention effective. In practice though, they tend to become in effect the deep-state, and an unchecked puppeteer of official political power. Left unchecked, they play out personal agendas, allowing partisan games to thwart democratic governance and reforms that may threaten their effective position.

Limiting the Bureaucracy

In the wake of President Trump’s inauguration in the US, voters wait with bated breath on his promise to *drain the swamp*. This, he had failed to do in his first term. This time, Trump has appointed Elon Musk, the world’s richest man, and affluent entrepreneur politician Vivek Ramaswamy to lead an advisory Department of Government Efficiency (DOGE). Their main task is to trim the fiscal deficit by cutting

the federal budget by US\$2 trillion through measures such as reducing waste, abolishing redundant agencies, and downsizing the federal workforce. This is a hark back to the Reaganomics days when it was believed that a slim government would unleash society’s entrepreneurial spirit. In some ways, this can be described as a war between the oligarchs in the business world against the entrenched “Little Napoleons” in the civil service, whose effective power is anything but little.

Here at home, even before US elections, Malaysia's Prime Minister Anwar Ibrahim (PMX), faced with mounting criticisms on slow reforms have also rightly turned his focus on the civil bureaucracy. Since the turn of the century, two administrations have tried to circumvent the lethargy and stonewalls of the civil service. During the administration of Abdullah Badawi, the so-called Fourth Floor was staffed with young Oxbridge and Ivy League graduates researching and giving policy advice to the government. This led to sniping attacks by Abdullah's predecessor Tun Dr Mahathir Mohamad, who considered Abdullah's style of governance to be self-abdication in favour of a group of young brash inexperienced boys. Abdullah's modus operandi amounted to an extent to a sidelining of the civil service. Although alienated and vulnerable, the political feud allowed the civil service to escape accountability. In the Najib Razak administration, learning from that episode, two units i.e. Performance Management and Delivery Unit (PEMANDU) and 1Malaysia Development Bhd. were established as agents of change to transform the fabric of the civil administration and the Malaysian economy. That story unfolded very unfortunately. Corruption at the top reached unthinkable levels, leaving the country saddled with a civil service that was not only bloated and inefficient but ever more corrupt, from the top to the root¹.

Is Big Good in Governance?

Malaysia's bureaucracy is one of the biggest in the world, with 1.7 million civil servants to a population of 32 million, a ratio of 4.3%. In comparison, Singapore's ratio is 1.5% civil servants to total population, Hong

Kong's is 2.3% and Taiwan's is 2.3%². Ministry of Finance records show that total public service employees increased from 877,100 in 1999 to 1.3 million in 2011 (3.3 per cent in annual rise)³. The number reached 1.39 million in 2023. This shows that the growth rate slowed between 2011 to 2023, to 0.6 per cent per year. The civil service costs RM41 billion a year to upkeep and RM23 billion in pensions in 2023.

It is undoubtedly a bold and arduous move by PMX to tackle the civil service head-on on corruption. While what Malaysia now has as its civil service is to an extent an unelected middle-class workforce which has fallen into immorality and mediocrity, it is still a vote-bank that political leaders cannot ignore or can threaten only at their peril.

However, without reforming this foundational institution into being capable of contributing to sustainable good governance, the country cannot but lose competitiveness at a critical time, not to mention its burgeoning pension burden. The contradiction between a government mandated to carry out urgent reforms and the entrenched power of "little napoleons" in the civil service⁴ is no longer possible to ignore. Parliament itself, along with the Executive branch of government, risk in effect to have their neutered position further manifested.

Why voter support for the Reformasi Movement had remained relatively strong throughout the two decades after 1998 is partly due to tolerance of high-handed and blatant exercise of power, inefficiency and incompetence becoming accepted and unchecked norms. As if it were idle hands seeking inappropriate work, there have been countless cases where the

¹ <https://www.nst.com.my/news/nation/2024/11/1132028/civil-servant-arrests-remain-alarmingly-high-says-macc-chief>

² <https://www.malaysianow.com/opinion/2023/02/13/on-dap-the-civil-service-and-reforms>

³ Malaysia's Public Service Pensions: Will to Reform, Without A Roadmap, Lee Hwok-Aun 7 Mar 2024

⁴ <https://www.theborneopost.com/2024/12/29/rotation-system-proposed-to-curb-little-napoleons-within-sabah-civil-service/>

bureaucracy had gone beyond their scope as the country's civil service to impose arbitrary rules such as dress-codes and blatant racial discrimination on members of the public calling on them for various legitimate reasons. This is no longer loyalty to king and country or a neutral, impartial and objective service to the public.

As a result of the 1MDB saga and with a change of government in 2018, the civil service, in an attempt to escape culpability, rebranded their tagline from "saya yang menurut perintah" (I who obey orders?) to "saya yang menjalankan amanah" (I who carry out the trust). The public were appalled by how a blatant 1MDB scandal of unimaginable magnitude could happen unnoticed right under the nose of paper shufflers and pencil pushers. A systemic failure had been allowed to fester for too long; failures in moral conscience or tacit collusion and turning a blind eye had become an unquestioned norm.

Lead from Within and Push for Digital

Political leaders are always under pressure to show results in the short tenure given but are often frustrated in their transformation efforts. Hence many have tried to skirt around and bypass the bureaucratic behemoth, either by setting up government-linked companies and agencies, or advisory units such as DOGE, PEMANDU etc. But these strategies may show some semblance of change in the short run, ultimately it is non-sticky in systemic effect, and tends to become ineffective or be sucked into the pervasive civil service culture.

On the battle against corruption, for change in culture to happen, the decay needs to be arrested from within and at the top; this can only be done by leaders who are committed to restoring professionalism and prestige within the service. An overhaul of leadership in the civil

bureaucracy is required if these leaders are to hope for any chance of success. But this is a task as difficult as rooting out the Mafia.

To restore the pyramid of talent, Peter's Principle of promoting people out of seniority to the level of incompetence must be curbed. Leaders of substance know that they are only as good as the team of talent they build around them. Integrity can only be restored by leaders that have it themselves, and who can demonstrate that fact by example.

One effective way to overhaul leadership may be to recruit and parachute talent in from outside to fill pensioned positions and to implement a more rigorous psychographic testing for promotions.

Corruption is a never-ending malaise that must always be on the radar and its cancerous spread must be nipped early before it becomes embedded in the organization culture. It starts with simple tolerance of behaviours that may be seemingly trivial such as taking a piece of stationary home, reporting for work late or missing deadlines (which is a theft of time), accepting small gifts, etc. The recent prosecution of a Minister in Singapore demonstrates the serious commitment of their government to zero tolerance of even the slightest impropriety. After all, if people cannot be trusted to do the little things right, how can they be trusted with the big things.

China has been battling corruption for decades. This seems an everlasting battle, and in a poignant warning, President Xi Jinping said If you want to be an official, don't try to get rich. *If you want to get rich, don't try to be an official* (当官就不要发财发财就不要当官). The paramount leader must show it means business in its war against corruption, and that rigid obedience of law must prevail over flexible practices of relationships. Both the taker of bribes and the giver of bribes must be

held equally accountable. The strong push for digitalization in China is to raise the transparency and auditability of transactions. That seems a good path to take. However, digitalization alone is not sufficient. Systems have to be integrated across silos to ensure information flow and equal enforcement. This has to apply across Ministries and agencies, and across federal and state levels.

The competency to investigate by the Malaysia Anti-Corruption Commission (MACC) and the competency to frame charges by the Deputy Public Prosecutor (DPP) has to happen in an atmosphere that is not affected by fear or favour, and that is free from political pressure. But at the same time, this power cannot be unbridled lest MACC becomes like the American FBI under Edgar Hoover who held a dossier on people of influence and was able to hold them at ransom. One way to avoid this, or at least limit that tendency, is for the Head of the Anti-corruption agency to be obliged to report to a Parliamentary Sub-committee. Within the agency, there is also a need for a function that investigates the investigators.

Transforming Malaysia Inc.

Where fighting inefficiency is concerned, there are many structural issues that need to be addressed. Firstly, the government needs to behave more like a multinational corporate (MNC) entity accountable to its shareholders, which in its case is the electorate. Increasing the salaries of the civil service is a good first step to enroll them on the change journey but it is vital that this be accompanied by a raising of the bar on recruitment and performance.

1. Matrix Structure

Politicians in their urge to show that they are doing something, tend to seek trophy projects for photo opportunity and easy publicity points. This is

instead of solving what aches the electorate, with impactful policies that are well thought through. Therefore researching, formulating and advising on policy options falls on the shoulders of competent professionals in the civil service. On this, the civil service should be sectioned into two tiers. One is a super-salary scale tier of career professionals that form the Administrative Service with talent that is on par with the private sector and who are competitively compensated; these are the policy strategists and advisers. The other tier is the Executive Service that focuses on execution and implementation of policies and the monitoring of outcomes. The raw talent required are engineers and their kind, who have a methodical problem-solving mindset, and economists and their kind who have a cost-effective mindset. The current practice of an officer being rotated out of a posting every 3 years needs to be revisited as it does not build depth in competency nor does it hold them accountable for results. What makes matters worse is the lack of knowledge management systems to facilitate a smooth handover thereby giving more excuses for poor performance.

Ministries are typically organized in vertical silos; this leads to multiple agencies overlaps. At the same time, citizen-centric problems in society are typically horizontal in nature and therefore cuts across the competencies of vertical Ministries. Take the digitalization process as an example; it cuts across multiple ministries and agencies. However, making it the responsibility of a single Ministry of Digital that is without horizontal *punca kuasa* (empowerment) does not help; that Ministry remains helpless in breaking through the silos to integrate systems and consolidate data for analytics. This probably explains why there are more than 200 apps instead of a few super-apps that the common citizen can make use of. This perpetuates the silo-nature of governance.

In many MNCs, a matrix structure of solid dotted-line reporting creates better collaboration through primary and secondary targets, especially regarding cross-portfolio issues. While this organization structure may be too complex to implement, some form of cross-feedback survey on performance is needed especially in promotions to validate if there was any demonstration of teamwork and collaboration.

2. Metrics and Methodology

While the maxim that you get what you measure is true, how the measure is defined determines behaviour and outcomes. For example, if the idea is to measure the number of systems digitalised, then digitalizing just to implement systems without reengineering archaic manual paper-based processes only heightens the glaring inefficiencies. Bureaucrats tend to checkbox a list of tasks as done and this in itself is usually deemed as an achievement; this is independent of whether the outcome is impactful or not, and whether the needle has moved or not.

The onus then is on political leaders to really ask the right questions on whether policies have achieved the desired results for the return on investment. While public projects are usually not profit-oriented in nature, some rigorous justification methodology is still needed, such as applying the principles of cost-effectiveness or cost-benefit analysis (CBA). Skills such as contract negotiations and financial analysis are crucial when dealing with the private sector to protect public interests. For lack of budget,

it has become fashionable to use private-funded initiatives (PFI) where a private sector company funds an entire project and then splits the revenue with the public agency over a long contract period. In some cases, a one-off capital expenditure (capex) project may be less costly than the locked-in revenue-sharing contract if the cost of financing is clearly higher than what the cost of capital government can borrow at.

3. Maintenance Culture

When a politician launches and cuts the ribbon for an implemented project, there is a lot of pomp and ceremony but whether what is implemented has the budget for it to be properly maintained must also be a priority. Otherwise, we have a “rosak” (things working unreliably, badly or not at all) culture. The obsession to prefer shiny projects must be avoided, but instead having a kaizen (continuous improvement) mindset where one gets the basics right and we get better stepwise year on year to build trust to do more and bigger projects. It is important to sweat over the little things, paying attention to details before one can be relied on to take on the big stuff.

In sum, overhauling the civil bureaucracy with a strong team of leaders is urgent if substantial reforms are to be carried out. Professionalism and pride must be restored in the civil service, trust in it by taxpayers must be restored, and duty as a neutral, objective and impartial force that serves the long-term interests of king and country must be demonstrated.



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