

## **Administrative Modernization in the Malaysian Local Government: A Study in Promoting Efficiency, Effectiveness and Productivity**

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### **ABSTRAK**

Dalam tempoh pemerintahannya dari tahun 1981-2003, Dr. Mahathir Mohamad telah melaksanakan usaha pemodenan atau pembaharuan pentadbiran awam di Malaysia melalui pelbagai dasar dan program yang telah diperkenalkan – dilihat sebagai tempoh pemodenan dan pembangunan yang pesat. Usaha pemodenan pentadbiran di Malaysia tidak hanya melibatkan agensi-agensi kerajaan di peringkat persekutuan, tetapi turut membabitkan kerajaan tempatan. Penyelidik telah menganalisis program-program dan dasar-dasar pembaharuan yang telah diperkenalkan melalui kajian tinjauan dari tahun 2002-2003 dalam kalangan pegawai-pegawain yang sedang berkhidmat di unit-unit kerajaan tempatan di lapang buah negeri seperti Perlis, Pulau Pinang, Kedah, Kelantan, Sabah, Sarawak, Pahang dan Terengganu. Pemilihan negeri-negeri ini dengan andaian mereka masih ketinggalan dan belum mencapai matlamat pembaharuan pentadbiran terutamanya di peringkat kerajaan tempatan masing-masing. Hasil kajian mendapati tidak semua usaha pembaharuan yang telah dilaksanakan oleh pihak kerajaan di peringkat kerajaan tempatan di negeri-negeri tersebut berkesan dan berjaya. Oleh itu, unit-unit kerajaan tempatan perlu bersedia melaksanakan pembaharuan dan menerima perubahan dalam usaha memodenkan sistem pentadbiran masing-masing agar dapat bersaing dengan kerajaan tempatan di negara-negara maju dan juga di negara-negara sedang membangun yang lain.

### **ABSTRACT**

Closely examining the Malaysian administrative modernization or reform initiated by Dr. Mahathir Mohamad, the Prime Minister of Malaysia from 1981 to 2003 – a decade of modernization and faster economic growth – the researcher analyses various programmes and reform policies introduced in the public administration system in Malaysia. Modernization efforts that were carried out not only involved the federal government levels but also included the local government level. This article identifies the administrative reform efforts that were introduced at the local government level. Research were carried out from 2002 to 2003, to gauge the opinion of the senior officers who are currently serving in various units in the local governments in eight states, namely Perlis, Penang, Kedah, Kelantan, Sabah, Sarawak, Pahang and Terengganu. The eight states were chosen based on the assumptions that they are still some reform efforts implemented that have not met the targets. The result of the research shows that not all reform efforts introduced and adopted in those states are effective and successful. This means that the local government must be ready to carry out reforms and changes to modernise their administrative system to be able to compete with other local government in other advanced and developing countries.

## INTRODUCTION

The Malaysian government system is divided into three levels — namely federal, state and local governments (Ahmad Atory 2002; Malaysia 1999; Phang Siew Nooi 1996; Zahari 1991). Consequently, the state government has the right to determine types of programmes and policies that are suitable for their local governments. Moreover, the local government's status and position is provided in the Malaysian Constitution, whereby the Constitution states that the local government is under the power and control of the respective state governments. This is a special provision stipulated in the Malaysian Constitution to administer, formulate the policies, develop and control for the local government, which is known as The National Council for Local Government (NCLG).<sup>1</sup> The local governments derive their power and autonomy through the process of decentralization from the state government.<sup>2</sup> Though they have little power and autonomy, they play an important role in providing basic facilities and services, as well as maintaining infrastructures. The local government, to that extent could find their own revenue such as getting involved in the privatization projects and so forth.

Since Dr. Mahathir Mohamad became the Prime Minister in 1981, a substantial number of administrative reforms in the public administration system had been introduced. The administrative reforms that were introduced are still carried out until now. The reforms were introduced mainly to improve and upgrade effectiveness, image and the quality of the administration of government including local governments. It also helped to change the attitude of the civil servants, which is the most encouraging success of the reform. Malaysia can now claim to have an administrative system, which is comparable to that of other advanced and developing countries (Ahmad Atory 1998). There are some developing countries that have emulated the Malaysian administrative model.

However, at the local government level, efforts towards reform in the administrative system are given less attention. Realising the situation, research about the administrative reform in the local government administration in Malaysia was carried out to get the opinions as well as evaluation from the senior officers of the effectiveness of the reforms that were introduced so far. The study focused on the perceptions of effectiveness of various reform initiatives.

At the local government level in Malaysia, there are still lack of information about administrative reform carried out by the government. In conjunction to that, the discussion in this article consists of finding of research undertaken in 2002 (and completed in the year 2003), by compiling opinions and evaluation of public officers of the local government regarding the reform that has been implemented to upgrade the efficiency, effectiveness and productivity.

Efforts to achieve and upgrade efficiency, effectiveness and productivity in the public service and administration are the main objective of the Mahathir administration. To achieve this objective, various efforts and reform strategies that involve work procedures and civil servants' attitude have been carried out, including at the local government level. The government had introduced Malaysia-Incorporated Policy; Clean, Efficient and Trustworthy; Leadership By Example; Look East Policy; Privatisation Policy and many more in efforts to change the attitude of the civil servants so that they will be more positive, innovative, disciplined, responsible, and efficient. Apart from that, the reform aims to improve and upgrade the capability and developing system in the public administration in Malaysia.

These programmes and policies have brought a lot of changes and success in upgrading efficiency, effectiveness and productivity of the public administration in Malaysia. Ahmad Atory in his book entitled "Administrative Reform in Malaysia (1998) has listed down a number of reform efforts that

<sup>1</sup> Under Item 4 in List 2 of the Ninth Schedule, the Malaysian Federal Constitution stipulates local government to a subject under the State List. Hence, all local authorities fall under the exclusive jurisdiction of the state governments (Malaysia 1991; Phang Siew Nooi 1996).

<sup>2</sup> Following an amendment to the Malaysian Federal Constitution, the government enacted, under Article 95A, the National Council for Local Government (NCLG) to advise and coordinate the local authorities in matters especially pertaining to legal and major policy issues (Malaysia 1999; Report of the Royal Commission of Enquiry to Investigate in the Working of Local Authorities in West Malaysia 1970). Also see Ahmad Atory (2002).

have brought positive changes in efficiency, effectiveness and productivity of the Malaysian public sector particularly during the Mahathir's administration. His findings noted that epitome of examples can be seen in the reform efforts like privatisation, trimming size of the civil service, attitudinal changes of the civil servants though several procedural reforms like punch card system, name tag identification among the civil servants, manual procedures, client-chartered, open space lay-out. In addition, some positive changes have also been identified through various programs to upgrade the leadership quality among civil servants. Some of these programs are as follows: (i) training opportunities for levels of civil servants; (ii) better promotion prospects and fringe benefits such as opportunities for postgraduate studies and sabbatical leaves; (iii) job specialization; and (vi) job rotation to give civil servants wider exposure to various operations of their respective departments. But, how is it at the local government level? Therefore, research objectives of this study are:

- (a) To evaluate the extent to which reform efforts at the local government level were achieved through responses of the senior officers regarding work procedures and attitude of their colleagues; and
- (b) To study the success in privatisation as one of the reforms adopted in the local government administration.

Based on the objectives above, the effectiveness of the reform programmes and policies that were introduced by Dr. Mahathir Mohamad administration, including the reform in the local government system were evaluated by selected respondents undertaken by the authors. The evaluation made by the officers concerned especially those serving in the various units in the local government is very important to be known on how effective is the reform made in the local government system. The respondents can give their important evaluation because they are involved directly with the implementation of the reform efforts.

#### **THE CONCEPT OF ADMINISTRATIVE REFORM (MODERNIZATION)**

The concept of administrative reform means different things to different people. Caiden (1969) uses it to refer "... to all improvements

in administration; ... to general administrative overhauls in difficult circumstances; ... to specific remedies for maladministration; ... to any suggestion for better government; ... and to intention of self-styled administrative reformers...". According to Hanh (1970), administrative reform is defined as "a systematic and integrated effort to bring about fundamental changes in public administration to enhance public administrative capability to achieve national development goals." This definition is designed to accommodate: (i) organizational improvements (both structural and procedural); and (ii) improvements in the behaviour of civil servants.

The main objectives of structural reforms include the reduction of overlapping and duplicating functions, redefinition of responsibilities, reduction of span of control and redesigning of organization and institutions (Caiden 1969: 35). While the lowest level of structural reforms includes improvement in procedures or changing the routines of public administration. Incompetency of administrative procedures in coping with increasing demand for implementation of development projects is usually the reason for procedural reforms. The range of procedural reforms may vary. Reform may take the form of improvement in procedures concerned with organisation, planning, finance, budgeting, accounting, auditing, methods and supply management and elimination exchange control. Reforms can also take the form of simplification of export procedures and other aspects such as ICT, ISO, TQM, E-Government, etc.

Basically, behavioral reforms make use of the propositions drawn from the field of psychology and sociology. Herbert Kaufman uses the phrase administrative behavior to designate human behavior in organizational setting, particularly behavior of others. This literature which deals mostly with motivation is also often concerned with application and advising, for example, how to secure greater work productivity or acceptance of change or "change in value" (*International Encyclopedia of Social Sciences*: '72). Behavioral reform can be subdivided into two dimensions (i) personnel improvement; and (ii) improvement of personnel behavior or attitudes. The former is concerned more with the material well-being of the personnel in the civil service, both extrinsic

and intrinsic benefits, while the latter is concerned with improvement of the behavior of civil servants in terms of the alteration of belief, values, attitudes and individual actions. It is hope that by changing the attitude and behavior of civil servants, efficiency, effectiveness and productivity will follow.

The local government system in Malaysia has experienced changes in its administrative system and structure to a greater scale since independence. The effect thus brought to the restructuring of local government in Malaysia did not have any special system, structure, categories and standardised and systematic regulation aspects. So, during that time, the government saw that the situation caused problems in the management and administration of various units in the local government. To identify problems, the government formed a Royal Commission for restructuring and investigating the local government system of which Athi Nahappan was made as the Chairman of the Royal Commission. It started the investigation on local governments in Peninsular Malaysia on 1 July 1965 even though *Yang DiPertuan Agong* (The King of Malaysia) had approved the formation of the Royal Commission in July 1963 (Ahmad Atory, 2002; Norris 1980; Phang Siew Nooi 1996; Zahari 1991).

After the investigation was undertaken, a report was sent to Yang DiPertuan Agong on 30 January 1969. The report forwarded suggestions that brought to the efforts in restructuring the local government in Malaysia under The Local Government Act 1973 (Temporary Provision). The act had a lots of effects on the local government system in Malaysia until it was then changed to The Local Government Act 1976 (Act 171). Under The Local Government Act 1976, the restructuring process of local government in Malaysia (only in the Peninsular Malaysia) was carried out with four main objectives as outlined below:

- a) Reducing the types of local authority by establishing only three types or entities that is the city council (*majlis bandaraya*), municipality council (*majlis perbandaran*) and district council (*majlis daerah*);
- b) Integrating laws involving the formation, function and main power of local authority for the three categories of local authority as

- c) Reducing the numbers of local authority through the combination or merger of the existing local authority; and
- d) Introducing uniformity of the power and laws of construction works and regional planning through the Building, Drain and Road Act 1974 (Act 133), The Urban and Rural Planning Act 1976 (Act 172) and other minor acts.

#### METHODOLOGY AND SAMPLING

The research that was undertaken using survey method has with 600 questionnaires that were randomly mailed to senior officers (between three and five respondents per local authority e.g district officer, assistant district officers, president or chairman of the district council , including those in the various units of administration e.g finance, engineering or

TABLE 1  
Distribution of respondents by state

N=187		
State	Number of Respondents	Percentage (%)
Perlis	3	1.6
Penang	4	2.1
Kedah	26	13.9
Kelantan	21	11.2
Sabah	31	16.6
Sarawak	62	33.2
Pahang	16	8.2
Terengganu	24	12.8
Total	187	100

Source: Survey Data (2002)

planning units. The questionnaires were only sent to the local governments of the eight states of Perlis, Penang, Kedah, Kelantan, Sabah, Sarawak, Pahang and Terengganu (as shown in Table 1). The local governments for other than these states are not covered in the study. About 600 questionnaires mailed, only 210 (35%) were returned. Of the total (210) only 187 (89.04%) were completed for the analysis.

The questionnaire has three parts; the first part is about respondent's demography such as, age, race, designation, sex, state, service unit

and service duration. The second part includes questions about efforts made to improve working procedures and system, upgrading public service, improving staff's attitude, upgrading work ethics and the use of the computers. While the third part includes questions about the achievement of the privatisation policy or decentralization policy that was implemented at the local government level and the form of privatisation that were carried out.

## DISCUSSION

### *Improving Procedures and Work System*

While efforts were made to improve the working system and procedures in the civil service, the government as shown in Table 2, then introduced about twelve work procedures for which can be categorized into the procedures and works systems. The effectiveness in improving work system and procedures in the civil service are based on the evaluation of officers who are presently serving in the local government in the eight states as shown earlier in Table 1.

The introduction of punch card system is aimed at to improving the work attendance, apart from upgrading the efficiency and effectiveness in the civil servant. The government staff are required to punch in before 8.00 am and punch out after 4.15 pm. While the use of name tags is mainly for easy recognition of

those officers who deal with the public. The Quality Control Circle concept was introduced to encourage the officers to analyse the problems and suggest solutions to overcome the problem and forward them to the management units. This system involves all staff in solving problems by collectively seeking solutions.

The government too had introduced the concept of open space office to create conducive and suitable working atmosphere. The aim is to ensure the formality is reduced and communication in the office is smooth and effective. On the other hand, the implementation of the file system in management aim to speed up the service process of the government agencies as what is happening in the local government level. At the same time, the government had directed all government agencies including the local government to provide manual work procedures as a tool to upgrade effectiveness in the civil service.

In effort to improve the work system and procedure, the government improved the postal correspondence. It is to ensure letters are processed efficiently and fast. Before the reform of the administration was implemented, the government did not follow any suitable and exact system to call for meeting, including the writing of report about the minutes of the meeting as well as the actions taken to overcome any problems or anything in connection. Thus, the government provided guidelines on meeting

TABLE 2  
Effectiveness of work systems and procedures

N=187

Work System and Procedures	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)
Punch card	55.6	21.9	22.5
Name tag	72.2	0.5	27.3
Quality circle control	51.3	14.4	34.2
Open-space office layout	58.8	17.6	23.5
Work procedure manual	65.8	5.9	28.3
Desk file system	58.3	5.9	35.8
Postal correspondence	73.8	8.0	18.2
Management through meeting	82.9	4.3	12.8
Productivity measurement programme	39.0	30.5	30.5
TQM concept	43.9	21.4	34.8
ISO 9000 concept	62.6	14.4	23.0
Concept of electronic government	41.2	30.5	28.3

Source: Survey Data (2002)

management. To strengthen the work systems and procedures, productivity measures were also implemented to upgrade the product as well as the service quality.

Based on the officers' evaluation, efforts to upgrade the work systems and procedures (which consist of the twelve procedures as shown in Table 2) were been indentified. But it did not achieve the expected result, or in other words, the effectiveness is still low. Only the use of the name tag (72.2%), postal correspondence (73.8%) and management through meeting had achieved high level of effectiveness in upgrading work system and procedures in the local government. Others procedures such as the quality control circle (51.3%), the use of punch cards (55.6%), desk file system (58.3%), open space office layout (58.8%), ISO 9000 standard (62.6%) and work procedure manual (65.8%) that were implemented to upgrade efficiency and effectiveness, only achieved moderate results (as evaluated from the respondents). On the other hand, other procedures that were implemented such as the Productivity Measurement Programmes (39%), concept of the electronic government (41.2%), TQM concept (43.9%) had not achieved expected results.

Based on the evaluation, it can be said that the twelve work procedures were not positively evaluated by the respondents. More effort should be done to upgrade and instil responsiveness among the government staff so as to be more efficient and effective in the administration and management of the local government.

### *Improving Services to the Public*

The government has stressed on efforts to improve service quality for the public, as one of the reforms undertaken in the local government system. In 1982, one new concept was introduced, that is the One-stop Service Centre. It was introduced to make it easy for the public to pay bills and taxes as many bills can be paid at one counter. Thus the government introduced One-stop Payment Centre; One-stop Service Centre; One-stop Licence Centre; Suggestion Box; and GIRO System.

Regarding the efforts to improve service to the public, the evaluation made by the officers at the local government level on the efficiency and the effectiveness is shown in Table 3. From the evaluation, it is found that the One-stop Service Counter is the most effective (70.6%). The rest are still not that really effective, especially One-stop Licence Counter (52.4%), One-stop Service Counter (46.5%), Suggestion Box (32.6%) and GIRO System (20.9%).

### *Changing the Attitudes of the Civil Servants*

Another aspect that was stressed by the government in the administrative reform of the local government is improving the government servants' attitude. This is the main focus or effort to bring changes in the civil service. Thus the Clean, Efficient and Trustworthy concept was introduced in order to instil ethics and good moral values among those in the government sectors especially at the local government level. They have to show and practice good moral values and be positive in their attitude.

TABLE 3  
Effectiveness of services to the public

N=187

Services	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)	Total (%)
One stop payment centre	70.6%	19.3%	10.2%	100
One stop service centre	46.5%	36.4%	17.1%	100
One stop licence centre	52.4%	30.5%	17.1%	100
Suggestion box	32.6%	17.1%	50.3%	100
GIRO	20.9%	61.5%	17.6%	100

Source: Survey Data (2002)

Apart from that the local government also introduced the concept of Leadership-by-example, which was launched by Dr. Mahathir Mohamad on 1 March 1983. It aimed to increasing efficiency and productivity in the public service. Those of the senior civil servants will be the example of those under their leadership example. In connection with the concept, excellent service award was implemented mainly to show appreciation to those who are really efficient and excelled in their work.

On 25 February 1982, Mahathir's administration introduced Malaysia-Incorporated Concept. Through this concept, the government wants to see that Malaysia as a company thus exist cooperation between the private and public sectors. Not only that shared intelligence can exist between the two sectors, so that this country will experience better economic growth. The government also introduced the concept of friendliness among civil servants. This concept was introduced as there had been complaints about the unsatisfactory counter service in the government offices. So this concept was introduced in the hope that government officers will be friendlier and to strengthen the earlier concept of Leadership by Example.

Based on the evaluation as shown in Table 4, efforts in upgrading and improving the attitude of civil servants were not very encouraging. Only 72.2% of the evaluations are positive towards the Clean Efficient and Trustworthy concept. The implementation of Leadership by Example (69%); friendliness (69%); and Excellent Service Award (61%) concepts are moderately evaluated. At the same time, the implementation of the Malaysia Incorporated Policy is negatively evaluated. Only

35.3% showed positive attitude towards the concept, thus show to us that the cooperation between the government and the public sector is not that good as expected.

#### *Inculcating Work Ethics in Management*

Apart from the efforts discussed earlier on, the Malaysia government then instil positive ethical values among civil servants. There are seventeen positive moral values that the government tried to instil as shown in Table 5. The efficiency and the effectiveness among civil servants in carrying out their daily work is connected to moral values that they possess. Thus they should bear in mind that only by having good moral values, positive work ethics can they be more efficient and effective in their performance. This aspect is very important, as they will deal with different levels of the society. Based on the evaluation from the respondents, it is found that having positive moral values when doing daily routine works, determine the success of the implementation of the reform in the administration of the local government. It seems that having the values of cooperation (82.4%); self-management (73%); and accountability (76.5%) are the best evaluation made. The other ethical values are also seen to be quite effective in implementing government policies. Hence, only the values of entrepreneurship (39%) are not that popular among government servants.

#### *Utilization of Computers in the Local Government Management*

Utilization of Computers is another reform introduced during the Dr. Mahathir

TABLE 4  
Effectiveness of improving attitudes of civil servants

N=187

Administrative/Behavioural techniques	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)	Total (%)
Clean, efficient and trustworthy	72.7%	4.3%	23.0%	100
Leadership by example	69.0%	3.2%	27.8%	100
Excellent service award	61.0%	4.8%	34.2%	100
Malaysia-Incorporated	35.3%	40.1%	24.6%	100

Source: Survey Data (2002)

TABLE 5  
Inculcation of work ethics among local government officers

N=187

Values or Work Ethics	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)	Total (%)
Accountability	76.5%	2.7%	20.9%	100
Cooperation	82.4%	1.1%	16.6%	100
Self-management	77.0%	1.1%	21.9%	100
Self-development	65.8%	2.1%	32.1%	100
Diligence	69.0%	2.1%	28.9%	100
Intellectual	70.6%	3.7%	25.7%	100
Team spirit	72.7%	2.1%	25.1%	100
Thrift	61.0%	1.6%	37.4%	100
Creative and innovative	58.3%	2.1%	39.6%	100
Positive attitude	65.2%	1.6%	33.2%	100
Integrity	67.9%	3.2%	28.9%	100
Responsive	66.3%	2.1%	31.6%	100
Self-discipline	68.4%	1.1%	30.5%	100
Client-oriented	67.9%	2.7%	29.4%	100
High performance oriented	64.2%	2.7%	33.2%	100
Professionalism	57.2%	6.4%	36.4%	100
Enterprising	39.0%	17.6%	43.3%	100

Source: Survey Data (2002)

TABLE 6  
Effectiveness of utilization of IT (computer) in local government

N=187

Particular	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)	Total (%)
Greater speed in policy decision	74.9%	10.7%	14.4%	100
Improvement in accuracy	78.1%	8.6%	13.4%	100
Improvement in counter service	80.2%	8.6%	11.2%	100
Efficiency in correspondence	69.0%	9.6%	21.4%	100
Efficiency in project implementation	69.5%	13.9%	16.6%	100
More speed programme evaluation	59.4%	17.1%	23.5%	100

administration. Though using computers for doing work in government offices was implemented long ago, yet it was still not that widely used until 1980's. Thus, in this research, the use of computers really shows us the positive result in the effectiveness and efficiency of the civil servants to upgrade productivity.

Most respondents gave positive evaluation on the utilization of computers as shown in Table 6. About 74.9% of the respondents stated that the utilization of computers is very effective,

whereby 78.1% stated that the utilization of computers improved accuracy, standardisation and consistency. Apart from that, about 80.2% stated that computers assist in upgrading their effectiveness in the counter service. At the same time respondents' evaluations on the utilization of computers are very positive in the efficiency aspect on correspondence, project implementation and speed up programme, that are 69.0%, 69.5% and 59.4% respectively.



### *Implementation of Privatisation in the Local Government Management*

One of the important efforts in the administrative reform that was implemented in the Mahathir's administration is privatisation policy. The government objectives of privatisation policy are to reduce the financial burden of the government, to stimulate the economic growth, to promote competition, efficiency and productivity, stimulates entrepreneurship, reduce the size of the public sector and meets the objectives of the New Economic Policy.

During the first ten years of its implementation, the response was not positive and the people were not convinced of the policy. Yet, some do not understand why it was implemented. Only after that then, the real picture about it become clearer. In the administration and management system of Malaysia, privatisation is believed to bring about changes in behaviour, attitude and values of the government servants and changes towards more efficient, effective, competitive, productive and dynamic (Ahmad Atory 1998).

### *Effectiveness of Privatisation Objectives*

At the local government level, the implementation of privatisation was included in the government administration reform. As mentioned above, those similar objectives of privatisation at the federal level are also brought in the local government system such as to spur

local government growth, to increase productivity among the local government staff, to promote competition towards organisation efficiency among the local government staff, to create Bumiputera's opportunities in business and to reduce government financial burden of the local government system (Atory 1998: 286-288).

How far have the privatisation objectives been achieved at the local government level? The result can be seen from the evaluation made by the respondents of this research as shown in Table 7. About 66.8% of the respondents agree that privatisation was an effective tool of economic growth at the local government level. About 58.3% stated that privatisation could increase the income of the local government. 61.5% respondents agree that the privatisation promote competition towards efficiency of the local government organisation, where as 58.8% then agree that privatisation create opportunities for the bumiputera to get involved in business. 52.9% respondents agree to the objective of privatisation in reducing financial burden of the local government system. We should bear in mind that the statistics showed in the table stated the difference percentages of positive and negative evaluation for several reasons. One is that the scope for privatisation at the local level is different from one to another. Not all the services are conducted for privatisation. Some privatisation are dictated by state/federal governments, perhaps they may not approve for a variety of reasons.

TABLE 7  
Effectiveness of privatization objectives

Objective	Percent Positive Evaluation (Effective)	Neutral (Unable to Evaluate)	Percent Negative Evaluation (Ineffective)	Total (%)
Increase economic growth at the local level	66.8%	11.8%	21.4%	100
Increase income revenue at the local council	58.3%	11.2%	30.5%	100
Increase competition toward organization efficiency	61.5%	10.7%	27.8%	100
To give opportunity in business to Bumiputra	58.8%	11.8%	29.4%	100
To reduce financial burden of local council	52.9%	12.8%	34.3%	100

Source: Survey Data (2002)

After analysing the research based on the evaluation made by the respondents about the success of the implementation of privatisation, it can be said to be low and not that satisfactory. However the implementation at the local government level is still new to upgrade the quality, efficiency and effectiveness of the administration and the service offered.

#### *Types of Privatisation Implemented in the Local Government System*

In Malaysia, there are various types of privatisation being employed by the government. Thus, the same situation does apply to the local government as well as what is shown in Table 8. Out of 187 respondents, there are four types of privatisation being implemented largely at the local government level, i.e. Contracting out (107), Management Contract (29), Lease of Asset (23), Build-Operate-Own (17), Build-Operate-Transfer (21). While Build-Transfer, Build-Own Operate (13 respectively), and Sale of Equity, Sale of Asset and Management-by-Out (9 respectively).

Besides, the nature of privatisation is also evaluated by the respondents. Privatization of Service received high number of responses, i.e. 78, Partial Privatization (29), and Full Privatization (15), while Privatization of Production (3).

Apart from these, there are many activities or programmes being privatised by various local governments, where initially they were the solely under the responsibility of the local government. The research study shown in Table 9 justified that since a couple years, there have quite a number of activities been privatised, especially in the form of contracting out, followed by service contract and management contract.

As Table 9 shows, that there are various types of activities or programs being employed by the respective local governments as to respond to the government policy of the privatisation. Amongst the very popular programs that are being employed are the garbage disposal (54), rehabilitation, cleanliness and maintenance (20 respectively), parking and grass cutting (16 respectively), maintenance and road repair (13 respectively), public toilets, building and drainage maintenance (11 respectively). While market maintenance (9), maintenance of street lighting (8), rent vehicle, landscape maintenance, construction of stalls and day and night markets (6 respectively), sewage and drainage (5 respectively), bridge construction (4), housing project and tourist management center (3 respectively); and tax collection/home assessment (2). It is expected that more projects and programs will be

TABLE 8  
Types and nature of privatization implemented in the local government

No.	Type of Privatization	Frequency
1.	BOT (Build-Operate-Transfer)	21
2.	BOO (Build On Operate)	13
3.	Contracting Out	107
4.	SOE (Sale of Equity)	9
5.	SOA (Sale of Asset)	9
6.	BOO (Build-Operate-Own)	17
7.	COR (Corporatization)	7
8.	BT (Build-Transfer)	13
9.	MBO (Management-Buy-Out)	9
10.	LOA (Lease of Asset)	23
11.	MC (Management Contract)	29
<i>The Nature of Privatization</i>		
12.	Privatization of service	78
13.	Full Privatization	15
14.	Partial Privatization	29
15.	Privatization of Production	3
	Total	392

Source: Survey Data (2002)

TABLE 9  
Local government projects that are privatised

No.	Types of Activities	Frequency
1.	Parking area	16
2.	Land development	2
3.	Service	2
4.	Maintenance and road repair	13
5.	Garbage disposal	54
6.	Rehabilitation, cleanliness and maintenance	20
7.	Building and drainage maintenance	11
8.	Public toilets	11
9.	Landscape maintenance	6
10.	Market maintenance	9
11.	Bridge construction	4
12.	Tax collection/ home assessment	2
13.	Sewage and drainage	5
14.	Construction of stalls and day and night markets	6
15.	Tourist management center	3
16.	Housing project	3
17.	Maintenance of street lighting	8
18.	Rent vehicle	6
19.	Grass cutting	16
	Total	179

privatised by the local governments throughout the country in effort to reduce the financial burden of the local government administration and at the same time to enhance effectiveness and efficiency of the services rendered to the public.

#### SUMMARY AND CONCLUSION

Referring to various aspects that had been discussed, it is clear that in the Mahathir administration, the main focus is to reform behaviour of the civil servants and work procedures. It is the important base to improve service to the public especially at the local government level. The government officers who are having good quality, capable, skilful and as well as having positive moral values and work ethics, can improve the effectiveness, efficiency and productivity of the organisation including that in the local government.

Apart from that, the government should be more proactive to strengthen and improve the present local government administration system so that it will be more competitive with good quality and is able to upgrade efficiency and effectiveness. It is through the local government that the federal channels whatever development

programmes are, to upgrade the local government itself. Thus, to ensure the success of the reform, all units at the local government administration must be committed to bring in development and modernisation of the systems in the local government from time to time. It would be difficult to achieve the reform objectives if the local government administrators hardly struggle for it.

At the state and federal government level, more attention and research had been carried out, unlike that at the local government level where empirical research were not that much being done. Most research is done on the reform of local government laws, leadership, power, financial autonomy, tax and politics. Due to that, details information about the effectiveness and result of the reform on local government administration is very limited. Hence, the need to undertake research in the effectiveness, efficiency, productivity aspects as well as better service delivery system of the local administration is imperative. The result of the study can be summarised as such, various reform efforts implemented at the local government level need to be improved and paid more attention. This is because researchers are

optimistic that the local government administration is gaining momentum amid the strong public demand for better services delivered on the part of local authority. This will bring some benefits for the public administration in the country.

All programmes and efforts toward reforms especially through privatisation must be upgraded and carried out continuously. It is believed that through this programme, financial constraints can be solved as well as can be a source of income. It is also urged in the research done by Hazman Shah Abdullah (1992). It stated that privatisation can overcome financial problems and as a source of income for the government. Apart from that, through privatisation, the government and the private sectors is supposed to facilitate the public with services that they need. Thus, to provide the public, especially the Bumiputera the opportunity to involve themselves in the business field, they eventually will get employment and their better living standard will be better.

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