

# THE PERCEPTION OF CIVIL SERVICE ON THE INTRODUCTION OF KEY PERFORMANCE INDICATORS (KPI)

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## ABSTRACT

*The Key Performance Indicators (KPIs) was introduced in the public sector through the Development Administration Circular in 2005. The performance of service delivery needs to be assessed, evaluated, monitored and improvised continuously so that the service can be delivered to customers quickly, accurately, and effectively. The main objective of KPIs are to ensure that the service delivered is of quality in line with the function, vision and mission of the agency and fulfilled the customers' needs, Government agency needs to assess the performance of the services delivered and the outcome of the assessment on services delivered to customers will depict the overall performance of the agency. The objective of this paper is to determine the level of awareness, perception and the readiness of Civil Services in implementing the KPIs. Sixty questionnaires were distributed to four public agencies in Jerantut, Pahang. Based on the finding the level of awareness, perception on KPIs and the readiness of the public sector employees in supporting government initiative to improve their performance were identified and the papers concludes with suggestions for improvement.*

**Key-words:** Key Performance Indicator (KPI), awareness, public sector, service delivery system

## INTRODUCTION

In line with the government's policy of accountability, transparency and performance, the government introduced key performance indicators (KPIs) in 2005. The implementation of this performance-based work culture in the public sector aims to upgrade the quality of delivery services at government agencies for the customers. This initiative extended prior efforts focusing on the same purpose, including individual and organizational performance assessments through the annual work objective, competency evaluations under the Malaysia Remuneration System, assessments of efficiency via the Quality Management System through MS ISO 9000 and Total Quality Management, resolving problems innovatively through the Quality Circle Group and benchmarking best practices through Quality Awards in Civil Service. The Client's Charter is also established at government agencies and it becomes a service quality standard that can be measured to assess the achievement and performance of an agency. Performance assessment must be implemented continuously to upgrade the service delivery of the government at all level, state or federal (Development Administration Circular, 2005).

Thus the introduction of Key Performance Indicators (KPIs) by PM Datuk Seri Najib for the new Cabinet Ministers and their Ministries aimed primarily to focus on impact and not input, results and not output and to ensure that public services deliver value for money is indeed a testimony that the Malaysian government has moved away

from mere rhetoric to the serious business of enlisting commitment and responsibilities from all ministers and ministries to collectively work towards establishing and enhancing a national innovation agenda for Malaysia.(Bernama, 2009)

Key Performance Indicators would be Malaysia new administration method where the approach was aimed at bringing more success and achievement to the country especially in meeting the targets set for the public. This reflects the slogan “People First, Performance Now”. As a basic measure performance , Key Performance Indicators are necessary to benchmark, monitor, evaluate and compare the innovation performance of the public sector, it is pertinent for government to review present performance indicators, with the aim of abolishing irrelevant ones and introducing new significant indicators, thus setting the stage to transform Malaysia’s public sector into a competitive and performance-based government. This paper aims to determine the level of Civil Service awareness and their perception on KPIs. This paper also investigates the level of readiness among the Civil Service in implementing KPIs.

## **LITERATURE REVIEW**

Upon taking office on 3rd April 2009, the newly appointed 6<sup>th</sup> Prime Minister of Malaysia, Dato’ Seri Najib Razak said, "It must be a government with new approaches for new times – a government that places a priority on performance and result, because the people must come first." With this new vision of the government he introduced the concept of NKRA and KPI for Ministry and Ministers. This series of KPIs is important in order to measure and improve the efficiency and quality of government services as well as realizing the concept of 1Malaysia. KPIs are implemented to ensure “the people’s satisfaction...whether they are satisfied with our service, whether we have solved their problems.”

This is probably the first government in the world which is passionate about a performance management system which has helped many corporate entities achieve enormous goals and results. Reports states that very few organizations really monitor their true KPIs and the reason is that very few organizations, business leaders, writers, accountants, and consultants have explored the meaning of KPI (Parmenter 2007). Najib's announcement of the KPI effort was generally well-received by the public as well as the civil service. Deputy Prime Minister Tan Sri Muhyiddin Yassin said the KPI formula was a yardstick against which the people could measure the performance of the government. He said the KPIs would provide motivation for every minister to perform well.

### ***Key Performance Indicator***

Key Performance Indicators are quantifiable measurements that reflect the critical success factors of an organization (Parmenter 2007). This indicator reveal a high-level snapshot of the organization based on beforehand agreed measures. They vary depending on the kind of organization they characterize; for instance a business may have a KPI as the annual sales volume, while KPIs of a social service organization may have to do more with the number of people helped out.

After Key Performance Indicators and their relative components have been identified, it is important that they should be used as a performance management tool. Best ways to represent variance (from the target levels) should be defined, eventually making sure that everyone in the organization is focused towards meeting target levels of the Key Performance Indicators. (Parmenter 2007)

Dato' Seri Najib Razak has identified six major policy areas in which KPIs will play an especially important role in improving the effectiveness of the Malaysian government. These are known as National Key Result Areas (NKRAs). The NKRAs include crime prevention, reducing government corruption, increased access to quality education, improvements in the standard of living for low income groups, upgrades to rural infrastructure, and improvements in public transportation.

*KRA's, along with key performance indicators (KPIs), would be Malaysia's "new administration method."* said by our Honorable Prime Minister. This fresh approach was aimed at bringing more success and achievements to the country so that it could meet targets that have been set for the people.

Preliminary KPIs were established in May of 2009 with more permanent ones to follow after a six-month review. These are currently being considered by the Malaysia's cabinet and are to be publicly announced in December of 2009. Programs to set-up a special department for non-Muslims under the prime minister and reform the controversial National Civics Bureau (Also known by the Malay acronym BTN) that has been accused of promoting hatred and racism are likely to be announced.

## **METHODOLOGY**

For the purpose of this study, the questionnaires were distributed to 60 respondents in Jerantut, Pahang. This study addresses the issues of the level of awareness, perception and the level of readiness on KPI in Public agencies and the unit of analysis are the public agencies. All respondents in this study were Civil Service from several agencies, namely Department of Works, District of Education Department, and two schools namely Sekolah Rendah Kebangsaan Batu Balai and Sekolah Menengah Kebangsaan Jerantut. The convenience sampling method was used to select the sample easily accessible the respondents. The questionnaires consists of three parts, Section A for background, Section B on the Civil Service awareness, perception and the readiness in implementing KPIs while Section C for the suggestion and recommendations. The questions were designed using Likert scale from 1 to 5, identifying the level of awareness, perception and the readiness in implementation of KPI. Only 49 questionnaires were returned, with the rate of return of 81.6%. For the findings were analyse using the Statistical Packages for Social Science (SPSS) Version 17.0.

## FINDINGS AND DISCUSSIONS

Data were tested for reliability and the result for Cronbach's Alpha for all dimension are more than 0.9. In accordance to the standard set by Hair et.al, these values show that all the items in each dimension are significantly reliable.

The profile of the respondents showed 57.1% of the respondents are male and 42.9% are female and most of the respondent's age is from 20 to 30 years old. Status of respondents highlights 57.1% married and 42.9% single. From the survey 55.1% respondents are degree holder, 36.7% from SPM/STPM and Diploma while only 2% of respondents have PHD. The highest percentage of respondent's position is in grade 41-52 that was 55.1% and the lowest was in grade 53 and above only 2.0%. Details of the profile are depicted in Table 1.

**Table: 1** Profile of Respondents.

Items	Profile	No	%
Gender	Male	28	57.1
	Female	21	42.9
Age	20-30	27	55.1
	31-40	14	28.6
	41-50	6	12.2
	50 and above	2	4.1
Marital Status	Single	21	42.9
	Married	28	57.1
Education	PMR	2	4.1
	SPM/STPM/Diploma	18	36.7
	Degree/Masters	27	55.1
	PHD	2	4.1
Position Grade	53 and above	1	2.0
	41-52	27	55.1
	17-40	15	30.6
	1-16	6	12.2

Table 2 shows the mean value for each of the questions on awareness, perception and the level of readiness of the Civil Service for KPI. Data analysis showed the level of awareness by Civil Service as moderate or average with the mean value of 3.40. As for the second research objectives, on the perception of Civil Service on KPI showed mean value of 3.75 and 3.44. Again the perception towards KPI was just average. The third objective in this study is to know the level of readiness of Civil Service on implementing

the KPI is also average with mean value of 3.48. Table 2 highlights the findings on awareness, perception and level of readiness.

**Table 2:** Awareness, Perception and Readiness level on the introduction of KPIs.

No	Items	Mean
1	Awareness Of Key Performance Indicator (KPI)	3.40
2	General knowledge about 6 Ministries that have NKRA	3.38
3	Agree with the implementation of KPI	3.57
4	Agree that implementation of KPI will upgrade the quality of delivery services of government agencies	3.61
5	Agree that KPI will be the indicator to evaluate performance of civil service employee	3.40
6	Awareness that all the civil service employees must play their role to support the implementation of KPI	3.57
7	Readiness of implementation of KPI	3.48
8	Commitment in implementing the KPI	3.61
9	Perception that KPI will give benefit to the public	3.75
10	Perception that KPI will succeed	3.44

It is interesting to note that the level of awareness and readiness is at the average even though the introduction of KPI started early in 2005. One reason to rationalize the findings is that maybe at the state level the implementation is just as a receiver rather than being involved in the planning and ensuring the procedure of implementation. As for the perception on KPI, finding showed a slightly higher mean value, that is 3.75. This shows that the Civil Service employees believe that the implementation of KPI will give benefit to the public. Therefore, to ensure the success of the implementation of KPI, government must play their role to guide and improving the perception of their employees. Information must be provided at all government agencies and campaign on the implementation must be in place.

## SUGGESTIONS AND CONCLUSION

One important finding showed that the Civil Service employees need further information about the implementation of KPI. This culture needs to be inculcated at all the Civil Service levels. All agencies at the Federal, State, District and Local Authority, they must have the knowledge about KPI. Secondly, the implementation of KPI must be accomplished as a team by all the Civil Service employees. As a team player all employees will work together to ensure their objectives are achieved. Employees must be involved at the grass root level as they are the governments' ambassador in establishing and validating the government's effort to improve service delivery.

It can be concluded that there are rooms for improvements and priority would be to educate and guide the employees on their role to achieve KPIs set by the government. The government has set the timeline and the NKRA and KPIs must be reflected and

achieved at all levels of delivery. The implementation of all programmes and projects of the government are most important to achieve the Government Transformation Plan.

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